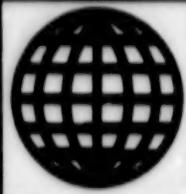


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Soviet Union International Affairs

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Preparations for Paris Summit Viewed

90UF0325A Moscow *IZVESTIYA* in Russian 11 Jul 90
Morning Edition p 5

[Article by S. Tosunyan: "Diplomats Have Begun Preparations for 'Helsinki-2'"]

[Text] **The Committee on Preparations for the All-European Summit Meeting has begun work in the Austrian capital. The meeting is expected to take place in November of 1990 in Paris. The creation of such a committee was agreed upon a month ago by the ministers of foreign affairs of 35 countries—the participants in the Helsinki process in the course of the meeting in Copenhagen. The Preliminary Committee will work out an agenda for the Paris meeting and will determine which documents should be presented for signing. The results of its work will be reviewed and approved by the ministers of foreign affairs. Delegations from 35 countries are participating in the work of the Preliminary Committee. The Soviet delegation is headed by Ambassador Extraordinary and Plenipotentiary Yu. S. DERYABIN, head of the USSR Ministry of Foreign Affairs Questions of Security and Cooperation in Europe Department.**

"Even before coming to Vienna," announced Yu. S. Deryabin, "our delegation held intensive bilateral consultations with our future committee partners. Intensive preparatory work was performed also within the framework of NATO and the Warsaw Pact, in the EEC, as well as in a group of neutral and non-aligned countries. The agenda of the summit meeting, which will be formulated in its final form by the Preliminary Committee, will evidently contain such priority questions as the continued reduction of military opposition in Europe and the reduction of troops and arms to a level of prudent adequacy."

In its importance, the upcoming meeting may be compared to the Helsinki Conference of 1975. The potential of Helsinki is far from exhausted. However, Europe has changed in recent times. Positive changes in the military-political sphere and in the sphere of human rights, as well as changes which have taken place on the continent, especially in its eastern portion, dictate the need for an in-depth interpretation of these processes.

This is why the idea of holding a new meeting of leaders of the CSCE participant countries, a sort of "Helsinki-2", which was proposed by M. S. Gorbachev, has found broad support. The consensus on convening a summit conference was formulated literally within a few months. The West has unanimously agreed to this. It is appropriate to recall this fact here also because there are certain critics of our foreign policy in our country who maintain that Soviet diplomacy is supposedly making concessions to the West.

What will be discussed at the summit meeting? Obviously, the comparison of views on the current situation in Europe will occupy a central position. At the same time, common approaches will be worked out to the

qualitatively new stage which our continent is entering. Naturally, questions associated with the external aspects of German unification will have their place.

The discussion will also center around the development and dynamization of the common European process as a whole. We must, for example, secure the breach which occurred at the Bonn Conference on Economic Cooperation and the Copenhagen meeting of the CSCE Conference on Humane Measures.

Particular importance is being ascribed to the creation of permanent institutions of the Helsinki process and to the formation of future common European structures for security and cooperation. There is already a general understanding of the need for regular high-level meetings of ministers of foreign affairs and for a mechanism of political consultations at the level of ambassadors or special representatives, as well as for the creation of a permanent CSCE secretariat. The formation of some sort of security organ is becoming quite realistic—a military-political center with control-verification functions and a center for the prevention and regulation of conflicts.

We hope to conclude the all-European high-level meeting in Paris with a large-scale political document.

State Foreign Economic Commission Official on Changes in Foreign Aid Policy

90UF0390A Moscow *IZVESTIYA* in Russian
27 July 90 p 1

[Interview with V. Demchuk, Head of Socialist Nations Division of USSR Council of Ministers State Foreign Economic Commission, by *IZVESTIYA* correspondent V. Romanyuk: "Within the Limits of Reason—On Our Aid to Developing Countries"]

[Text] The inclusion of changes in a USSR Presidential decree on the Soviet Union's foreign economic policy was stipulated to implement economic cooperation with developing countries on the principle of mutual advantage and interests, and to be guided by international norms and policies; it follows from this, then, that economic assistance should be rendered on the basis of the actual capabilities of our country.

[V. Romanyuk] Can it thus be assumed that we are cutting back our aid to developing countries? This is our first question to the head of the Socialist Nations Division of the USSR Council of Ministers State Foreign Economic Commission, V. Demchuk.

I understand the matter to be such that aid will be rendered in the future, said Valentin Dmitrievich, but of course on different levels and more thoroughly considered. In this respect we are unable to conduct ourselves as we did when we had greater resources.

[V. Romanyuk] What are the levels of our aid today?

[Demchuk] Izvestiya printed data on other nations' debts to our country, a total of 86 billion rubles. The

terms of payment are postponed time after time, and today the debt of only three countries—all members of CEMA, Cuba, Vietnam, and Mongolia—to our country has reached more than 35 billion convertible rubles. True, alongside the numbers of these debts I should put our personal ones. And certain ratios have developed: The GDR currently owes us 110 million convertible rubles, and we owe them 1.7 billion; Hungary owes us 600 million, we owe them 800 million; Yugoslavia [illegible] million, we owe them 2 billion.

[V. Romanyuk] Does it appear that we ourselves are going into debt? [Demchuk] Absolutely. If you take the mutual calculations of the current year, the three previously named countries, Cuba, Mongolia, and Vietnam, owe us a billion convertible rubles, we owe the European countries who are members of CEMA more than 5 billion. In fact, we have not provided aid to the European members of CEMA for a long time; on the contrary, we are getting aid from them, and as you see, are experiencing great difficulties with our current payments.

[V. Romanyuk] The impression is being created then, that what we are apparently only doing is accumulating debts. On what then are based the persistent demands by parliamentarians that we reduce aid to other countries, considering our own complex situation?

[Demchuk] These demands are not without basis. Ingrained within the population is the belief that we are supporting the dependency of one or another country, finding support only in relationship with countries that are members of CEMA. Take Vietnam for example. One can name quite a few expensive projects which were implemented unthinkingly, resulting in considerable financial loss. As an example, a major plant was constructed for the production of 15,000 diesel engines a year, but it produced no more than 500 engines a year—no more were needed. Or a new factory for the repair of mining-ore equipment. Expenditures were great, but the enterprise was not running at full capacity for a long time. For days, in fact, in a USSR Council of Ministers' conference, the entire range of mutual relations with Vietnam was examined. Our position on the organization of the amount of cooperation with this country in the long-term includes the possibility of not beginning any new construction jobs, excluding those that will provide a rapid return (light industry, refining branch of APK); that is, to exclude from our assistance huge projects and generally inefficient structures.

However, I would like to name some extremely efficient projects. For example, a powerful electric station, Haobin, was built in northern Vietnam, the first transmissions of which have already begun. This is the electrification of a huge region, and irrigates the rice fields and in the long run means a greater supply of rice to our country. Or the construction of the concentrating combine Erdenet in Mongolia; since its operation our country has received millions of tons of copper and nickel concentrate.

The question today is not about how to "freeze" everything. The possibility of finishing projects already begun and not starting new and expensive ones needs to be examined.

[V. Romanyuk] But what kind of projects will be "frozen"?

[Demchuk] At this time I am unable to say which projects are going to lose support. Many of them depend on our capabilities, which, at present, are unspecified as well. I think that it is reasonable to continue aid in construction projects which improve the export capabilities of each of these countries. Trade credits at higher interest rates should actively go into the shift to state credit. It is important not to squander credits further, but to transfer them to relationships with developing countries using generally-accepted rules of trade, and to improve our balance of trade, which means mutual profits. Progress in this area is well-known and outlined here. If at the start of the five-year plan we were selling Vietnam four rubles, but getting one ruble from them, the ratio now looks like this: 1 ruble, 30 kopecks to the very same ruble. But not long ago a Vietnamese trade delegation informed me that in the first quarter of 1990 the Vietnamese supplied us with more goods than they received from us.

[V. Romanyuk] Many articles are appearing in stores made from rice straw—what do you see happening there?

[Demchuk] No, not only 'straw'. Our Far East receives meat, bananas, and oranges from Vietnam; in the current year they have received 250,000 tons of rice. There are great possibilities for growth in the production of Vietnamese agricultural products, especially for our Far Eastern regions, and we need to efficiently utilize these production capabilities.

[V. Romanyuk] Veiled forms of aid still exist—prices. Is it not time to reduce the purchase of expensive Cuban sugar and retain what we send in exchange for fuel, of which we ourselves do not have enough?

[Demchuk] Yes, we are buying sugar in Cuba at prices significantly higher than world. But in the world preferential pricing is widely practiced (advantages in price), particularly with respect to developing countries. Moreover, 4 million tons of Cuban sugar per year cover 40 percent of our needs. It is possible, of course, to cease buying expensive Cuban sugar and bring our similar needs to the world market. But then world prices would sharply increase, and we would be no better off. It is necessary to consider something else in these calculations: We have been selling crude oil to Cuba at a fixed price since 1965, which today surpasses the world price several times.

[V. Romanyuk] Valentin Dmitrievich, let us nevertheless attempt to answer the question directly: should we reduce or increase our aid to developing countries?

[Demchuk] In all the past five-year plans, undoubtedly, aid has been on the increase. Of late, the following task has arisen: to stabilize the amounts of aid and not increase them further. Now the situation calls for—and the Presidential Decree reinforces this trend—levels of aid to be reduced. To what degree must still be determined. There are proposals that call for it to be done at one stroke, reduced by several times. This, however, would create economic havoc in any country. I support proposals that call for aid to be reduced less sharply.

[V. Romanyuk] The opinion that a considerable part of our aid is gratuitous and will never be returned has broad currency. Is that the case?

[Demchuk] No. If you are referring to countries that are members of CEMA, with whom I work professionally, gratuitous aid takes on a humanitarian character. In several cases it is less than the credit allotted to the countries for the construction of buildings and is balanced by mutual supply. It concerns the construction of schools and hospitals under the direction of specialists in this or that country. Such aid is given to very many countries, and we, with all our difficulties, are not going to pull our support out from under countries who are lagging behind in economic development. Of course, not to the detriment of the fundamental economic interests of our own country.

Future of International Communism Viewed

90UF0332A Moscow KOMSOMOLSKAYA PRAVDA
in Russian 12 Jul 90 p 3

[Interview with L. S. Gililov, professor at the Social Sciences Institute, and L. F. Shevtsova, doctor of historical sciences, conducted by correspondent Ye. Kalyadina: "A Phantom Wanders Through Europe..."]

[Text] The final issue of the journal PROBLEMY MIRA I SOTSIALIZMA was published in Prague. The residence on Tkhakurova Street where this international communist press organ had been published for over 3 decades was once again inhabited by its former legal owners—Roman-Catholic priests. Yet this was not a matter of legality. Rather, it was a matter of regularity, of mankind's desire to return to its own circles—from a class world to a human world.

With the closure of the journal, the last "island of hope" was submerged, which in recent years had united communists of various countries. Do they still have hope for resurrection? Our correspondent discussed this question with L. S. GILILOV, professor at the Social Sciences Institute, and L. F. SHEVTSOVA, doctor of historical sciences.

[Ye. Kalyadina] Leonid Samoylovich, the last international conference of communist and workers' parties was held over 20 years ago. Since that time, we have recalled the world communist movement less and less. And today, it seems, we have forgotten it altogether. What has happened?

[Gililov] I would not say that we do not speak of the communist movement at all. It is simply that we do not speak of it as we did before—about its incredible achievements and its influence on the development of mankind. Yet the parties which one way or another call themselves communist exist throughout the world. Their members are people who consider themselves communists. So, do we have the right to bury them alive?

The question is posed differently. The communist movement today is undergoing a very deep-seated—and some believe, deadly—crisis. The influence of the communist parties is sharply declining and their numbers are decreasing. Various factions are forming within the parties and a schism is occurring.

[Ye. Kalyadina] I might add that the Hoover Institute recently cited the following figure: The overall membership figures of communist parties throughout the world have dropped in the last year from 90.5 to 82.65 million people...

[Gililov] I do not think that these data are correct. The communist parties themselves cannot give them. Many either simply do not know how many members they have in their ranks, or are embarrassed to cite the figures.

[Ye. Kalyadina] Yet does it not seem to you that it is not only the communist parties, but also certain others which find themselves in a similar situation? In my opinion, the importance and role of party policy is generally declining in our time. Social movements are coming to replace the party structures.

[Gililov] Yes, that is so. Today all parties are losing their popularity. Just look, they are winning in the elections by gaining less than 50 percent of the votes. This is happening because the parties are not meeting the expectations of the masses. People today are so acutely faced with global problems that they prefer to unite according to their basic interests, rather than according to political ideology. It is specifically the inability to adapt to these changes which are today taking place in the world, the inability to solve the problems which are truly current for man—the scientific-technical revolution, ecology, disease, social health—this is, in my opinion, the main reason for the crisis experienced by communists.

We may also cite others. One of them is external. The scientific-technical revolution has outlined the social base for the communist movement. The working class, whose interests it expressed, no longer exists in the traditional form. And if the party places its stake only on the "proletariat", that means that it is living in the past.

Now about the internal reasons. The communist parties have themselves become ossified. They have destroyed intra-party democracy. They did not re-elect their leadership: The world changed, but a person who was unable to change his views sat at the party helm for decades. Yet the main thing is that all these years the communists, as the apple of their eye, preserved their myths about the world and its future. They were comfortable to live with.

At any turn of events, everything was clear: Our cause is righteous, victory will be ours, the general crisis of capitalism is ever intensifying, its downfall is inevitable, and we have only not to miss the revolutionary situation. Yet at the same time capitalism, unlike the communists, very skillfully adapted to all the changes taking place in the world. The scientific-technical revolution gave a new impulse to its development.

The second communist myth glorified the achievements of socialism, which were to revolutionize the workers. However, as it turned out, these "achievements" did not inspire the masses. There was also the myth about the third world, which inevitably must choose a non-capitalistic course. Yet the main thing, I repeat, was that the party strived toward its goal without taking into consideration the changes in the life of the people. The people lived one way, but the communists told them: The main thing is to overthrow the bourgeoisie. Only it was difficult to understand why.

[Ye. Kalyadina] Yet there were times—and in some countries they have not yet disappeared, when communists were feared and a real war was waged against them. I might add that these echoes are heard even today. Look at how the American AP press agency worded one of the questions in its study: "Do you believe that communism poses the same threat to the national security of the USA as it did before?" Communists were dangerous. But now they are simply waved off, like annoying flies...

[Gililov] The fact is that the conditions have changed. The communist parties in the former difficult times of the "cold war" really did stand out as an alternative to all that was reactionary and aggressive. Today, however, the very nature of reaction has become different. I repeat, capitalism has very skillfully adapted to the new conditions. In doing so, it was forced also to consider many of the communist demands.

[Ye. Kalyadina] However, it seems that the "witch hunt" of the 50s has today moved from Western Europe to the East. This question is for you, Liliya Fedorovna. How do you explain such a lightning-quick downfall of the East European communist parties? Where did such a satanic hatred towards them come from?

[Shevtsova] What happened with the communist parties in Eastern Europe may be called both a crisis and a downfall. Yet perhaps it is a political catastrophe. Was it accidental or regular? And the question associated with it is: Who is to blame? Is it the fault of individual people, the specific errors of, say, Zhivkov, Honecker, Husak, or the crimes of Ceausescu? Is it the fault of individual distortions? Or was something else not given? There are two points of view. One is very popular in our party press. The blame for what happened with the communist parties, and specifically also with the CPSU which lost authority and influence, lies with specific individuals, specific mistakes, and not with the party as a whole. Yet in Eastern Europe they hold a different viewpoint. It is not individual people who are at fault, although they do

bear a certain degree of responsibility. The reason for the catastrophe was the very type of the party—a semi-military organization based on the principle of democratic centralism and acting on the basis of omnipresence and merging with the state. Therefore, the condemned leaders are to a certain degree the hostages of this mechanism, the victims of the party itself.

Now about the "satanic hatred". Evidently, this definition is somewhat exaggerated. First of all, the particular upsurge in anti-communist emotions was associated with the pre-electoral struggle. This was the intentional increased emphasis evoked by pragmatic considerations—the struggle for power. Yet let us think, the explosion of anti-communism was the result of what? Undoubtedly, it was repayment for the past—for monopolism and persecution of dissidents. It was the communists themselves who gave rise to the anti-communist hysteria in the over 40 years of their supremacy. We could not have expected anything else. All the forces who came to power, who stand on anti-communist positions, are not from another planet. They are people raised in the course of communist rule, the deformed children of the totalitarian communist system. So why should we blame them?

Must the communists bear collective responsibility for the past? I believe that all of us, including the rank-and-file party members, are accessories, although obviously the degree of responsibility varies. We must all do penance.

[Ye. Kalyadina] But what should we do with the people who sincerely believed in the idea of communism and the capacity of the communist party to create a fair society, those who did not build their careers on this idea, but who literally gave their lives for it?

[Shevtsova] That is a truly tormenting question. Yes, the building of a "fair society" did indeed require many sacrifices. But the price for overcoming illusions will be even higher.

[Ye. Kalyadina] That means an idea is to blame for what happened?

[Shevtsova] No, we should seek the root of the evil not in the idea, but in the mechanism of its realization, its understanding by individual people in individual countries.

Evidently, it is impossible to build a fair, democratic, pluralistic and effective society on the basis of socialist ideas alone. Socialism is possible as a system of orientations, values, and political movements which fight for their implementation.

[Ye. Kalyadina] And what is your opinion, Leonid Samoylovich?

[Gililov] The communist idea here is irrelevant. We are speaking about the fact that we tore it away from specific reality, i.e., we betrayed the primary requirement of Marxism, which in general does not exist as a completed

teaching. It is no accident that Lenin said that dialectics is the soul of Marxism. And we killed the soul. Can we blame Christ for the fact that there was an inquisition? That is about the same as blaming Marx for the fact that his teachings were distorted.

[Ye. Kalyadina] I would like to return to the question of the communist party's responsibility for the past. This is for the purpose of speaking about the responsibility of a specific party, and specifically the CPSU. Leonid Samoylovich, what do you think, is not the crisis in the communist movement a reflection of the crisis in the CPSU? After all, we must frankly admit that when the communists were accused of being ruled by the "hand of Moscow", that was not far from the truth...

[Gililov] It not only ruled, but generously gave. This is no secret, although is it a party confidence. Yet I do not think that this was entirely immoral. Just as I do not agree with the opinion that we ruled the communist movement in an autocratic manner. Ultimately, the communists of other countries did not read Marx themselves. Many felt the need for changes and even tried to do something. Yet at that time, they were afraid to tear themselves away from the stereotype, like tearing themselves away from the umbilical cord. Our fault lies in the fact that we always aspired to a monopoly on truth and hindered any effort to re-interpret it. In the early 70s we branded European communism, absolutely ignoring the fact that three of the largest parties—the Italian, French and Spanish—held these positions. Yet it was specifically the European communists who first posed those questions which everyone is forced to consider today: The questions of pluralism, the impossibility of socialism existing without democracy, and the need for change of parties in power.

[Ye. Kalyadina] The Greek communists told me that at one time people who returned from the Soviet Union disenchanted with our "achievements" had their party cards taken away. What was this—a cult of the CPSU or, perhaps, naive faith?

[Gililov] Neither. The fact is that the parties themselves were interested in such relations. It was easier for them to live that way. The CPSU spoke, we repeated, and there was no reason to worry about anything. By supporting us, they artificially supported themselves. The communist party leadership knew very well how we live. Yet they wanted to live well themselves.

[Ye. Kalyadina] Yet perhaps the time has come for the communist parties to stop looking to the CPSU as to a communist demigod?

[Gililov] They no longer look at us that way. The discussion centers around the fact that our changes will either help or hinder them in their survival. Although, we must note, much of what is happening is evoking both confusion and apprehension on their part.

[Ye. Kalyadina] So what are the prospects of survival for the communist movement?

[Gililov] The search for ways to revitalize the communist party has already begun—primarily with an examination of the views on the social base of the movement, its real and potential allies. There are inevitable processes of social democratization of parties in the sense of their rejection of the convictions that society can only be transformed in an irreconcilable class struggle. The social democrats themselves need allies today, since they are also experiencing difficulties. Therefore, in my opinion, the main prospect is the creation of a union on conditions of full equal rights, which the communists have not been accustomed to until now.

However, no matter whom the communists unite with, they will always speak out most consistently for the interests of the workers and for social progress. If today we pose the question of the capacity of democratic forces to influence the processes of socialization taking place in capitalist society, we must consider the fact that an important place in these processes belongs to the communists.

[Ye. Kalyadina] Well, and what are the prospects for the communist parties in Eastern Europe, Liliya Fedorovna? There the situation is different. Nevertheless, in my opinion, it is rather instructive for us.

[Shevtsova] Alas, we are not drawing any conclusions from the bitter experience of others. I recall the recent presentation in the press by one of our leaders. Concerning the sad fate of the neighboring communist parties, he said something like: "There, you see! These parties rejected the Leninist vanguard model and therefore lost power". Gentlemen, what ignorance! Who knows whether it is conscious or not. It was not that way at all in Eastern Europe. The communist parties there experienced crushing defeat not because they rejected the traditional principles of construction and activity, but because they did this too late. When society had turned away from them. Had they taken this step sooner, perhaps they might have been able to retain if not a portion of their power, then at least a portion of their authority. Why does the CPSU blindly continue to move along the same course which has led the other parties into the abyss?

Moreover, we already have 5 years of experience in efforts to renovate the party. And what have they led to? To an exactly opposite result. In Eastern Europe the nomenclature and the forces standing behind it rather quickly gave up their positions. In our country, however, they are trying to consolidate and even to take the offense.

In short, not only foreign, but even our own experience shows that it is time to put an end to the illusions of perestroika, i.e., to the efforts to revitalize and dress up the old structures which belong to another age. This relates primarily to the communist party—the backbone of the totalitarian system of "real socialism". In this connection, when one looks at the efforts, specifically at the 27th Congress, to prove that the model of the

"vanguard party" is something new, progressive, and not at all like the old "management role", one cannot help but be sad. Do the "vanguardists" theoreticians themselves believe that they are really speaking about the new role of the party? Or are they once again hoping that society will swallow an old pill in a new coating...

[Ye. Kalyadina] Do you believe that there is no prospect in trying to renovate the communist party?

[Shevtsova] Undoubtedly. In most countries of Eastern Europe the sensible forces in the communist party have come to this conclusion. Evidently, there are organizations whose genetic coding cannot be altered. They are incapable of reform. These organizations are the product of a certain age and certain illusions, and must fade away together with them. To try to change an authoritarian structure into its opposite (and to make the society believe it) is, in my opinion, impossible!

What, then, is the conclusion? To create new parties without delay. And if we continue to delay, to try to retouch the unacceptable areas of the old party structure? The experience of Eastern Europe shows that this can mean only one thing: To ultimately discredit the socialist idea, to increase the hatred of society toward the leftist forces in general and to complicate the possibility of their return on a new basis.

[Ye. Kalyadina] Such a rebirth has begun in Eastern Europe. Many communist parties have changed their names, their charters and programs. In Hungary and Poland, social-democratic parties have been created in place of the communist parties. The well-known process of social-democratization is taking place in the Bulgarian Socialist Party and in the Party of Democratic Socialism in the GDR. However, is it possible to be a Marxist-Leninist yesterday and a social-democrat today? Will not certain transformations be reduced to a simple change of signboards?

[Shevtsova] Such a mistrusting attitude toward the new parties in the neighboring countries does exist, and it is quite understandable. The parties must still prove that they really are different. And for this they need time.

[Ye. Kalyadina] Liliya Fedorovna, you have a pessimistic attitude in regard to the parties of the traditional Marxist-Leninist type. In that case, which of the leftist parties in Eastern Europe have the best chances?

[Shevtsova] I believe, the social-democratic. However, here too there are many "buts". The fact is that social-democracy is the product of a mature society. An appropriate social base is needed for the development of a normal social-democratic party, and primarily a well-developed middle class, a working aristocracy. Traditions of participation of the masses in production management are needed, as well as skills in compromise solution to problems in politics. Yet what can social democracy and its role be in a society where all this is absent? In a society of shortages and populist aspirations? After all, it will not be enough to bring together a

group of intelligentsia and proclaim it a social-democratic party. Nevertheless, that is often how it happens. Up to the present, there has not been a juncture of the social-democratic groupings with the broad massive base, with the worker movement, in any of the East European countries. Yet they must hurry. After all, many potential members of social democracy may find themselves within the sphere of influence of the Christian, syndicalist, populist and other organizations and currents.

Furthermore, in all the countries of Eastern Europe several parties and currents have already emerged on the left flank which speak out for socialist ideals, but which interpret them differently. We too cannot avoid this. In any case, no one party can any longer lay claim to an exclusive possession of the truth and to the monopolistic mastery of the socialist purpose. Therefore, we must understand that the pluralization of the new movement is a natural and inevitable process. How is it that our proponents of "party unity" do not understand this?

Yet can we create a party in which all the forces (both the conservatives and the radicals) have the right to create their own currents and factions? No! That is impossible. If there is real pluralism in society, all these factions would still stand by themselves. And there is nothing more dangerous for the fate of the leftist party than to try to hold in one rein the forces which are incapable of objectively agreeing to compromise.

I will risk making one more comment. Perhaps for society itself it is not bad that neoconservative (in the Western, and not in our understanding of the word) forces find themselves in power in a number of the East European countries. Why? There is hope that they will still be able to implement market reform. In all of world history, the leap to a new quality of production and economic management has always been implemented by the right. At the same time, being the only influential force in society, they too will not be able to overcome the task. They need a counterweight to absorb the shock of social turnover—i.e., the leftists. A healthy society must stand on two legs. Therefore, the new governments—in Poland, Hungary, and Czechoslovakia—must themselves be interested in having the leftists there to begin urging them on.

What can we expect in this connection from our political palette? To our misfortune, it is greatly different. In Eastern Europe there are no more Stalinists and neo-Stalinists. There, native liberals have emerged, who have set a goal of restoring the structures of general civilization. In our country, however, the entire field "to the right" is filled with double-dyed party and other fundamentalists. However, the forces capable of radical economic reforms have not yet been formulated.

[Ye. Kalyadina] Liliya Fedorovna, going from the problems of the party to the problems of society, do we not

speak too much about party arrangements? Perhaps we will soon have to reject excessive party illusions, regardless of what they are?

[Shevtsova] The experience of Eastern Europe, as well as our own, convinces me that our societies still do not have a serious socio-economic basis for the existence of real parties, massive and influential. There is no appropriate differentiation of social interests, i.e., that humus on which a real multi-party system can spring up. That political pluralism which we have today in all the countries of Eastern Europe and the USSR has emerged on a wave of negation, emotions or comradely ties, and sometimes around popular leaders. And for that reason it is rather unstable.

What forces have the greatest chances in the struggle for power under these conditions? Most probably the narrow, cohesive groups and various lobby groups—the

bearers of group interests on one hand, and mass movements such as the Polish "Solidarnost", the Czech Civil Forum, and the Bulgarian Union of Democratic Forces on the other. In Soviet society, however, where there is a total absence of any traditions of political pluralism, the mass movements of the front type have the greatest chances. And they, perhaps, are the only means capable of neutralizing the resistance of the neo-Stalinist forces which have raised up their head.

What must the democrats do today under these conditions? They must forget the personal, inter-party and inter-block dissents which have already begun and create a front for social resurrection or, if you will, a front for salvation. This means agreeing to join up with the worker's movement, as the Polish intellectuals did in the 70s. Otherwise this front will turn into one more elitist organization. Moreover, all this must be done today. Tomorrow will be too late.

Relationship Between NATO, Warsaw Pact Examined

90UF0339A Moscow *IZVESTIYA* in Russian 4 Jul 90
Morning Edition p 5

[Interview with Christoph Reuen, leading scientific associate and specialist in USSR affairs at the FRG Ebenhausen Scientific-Research Institute on International Policy and Security, doctor of political sciences, conducted by S. Guk: "Is NATO Interested in Preserving the Warsaw Pact?"]

[Excerpts] FRG political studies specialist and Doctor of Political Sciences Christoph Reuen was the guest of the USSR Academy of Sciences for a month-and-a-half. "In order to study your problems not from newspapers and books", he said. At the Ebenhausen Scientific-Research Institute on International Policy and Security he is a leading scientific associate and USSR specialist. During the one-and-a-half months which he spent in Moscow, he had many meetings and discussions with persons who were of interest to him. And yet he was unable to fulfill all the points of his program. For example, he did not get a chance to speak with conservatives. And it was not because there is a shortage of them in Moscow. "They had no particular desire to meet with me", explained the scientist.

The institute where Dr. C. Reuen works was founded in 1962 and conducts research and development on the problems of Eastern Europe not only for the government, but also for the opposition parties. In the discussion which was held at the *IZVESTIYA* editorial office, he presented his views on the events taking place in the USSR and the most acute East-West problems.

[Correspondent] One of your articles, specifically, contains the following postulate: You explain the failures of the reformers in the USSR by the fact that they have not yet been able to find the main thread which, once pulled, can expose the entire cartload [of problems]. What thread is this?

[Reuen] The reforms impose an imprint of impatience within society on perestroika, as well as intolerance. This hinders the consolidation of all rational and healthy forces. As long as each fraction (this refers primarily to the democrats—the proponents of pluralism) proclaims its own point of view as the truth in the final instance, it is very difficult to build bridges to the future. We observe this same picture also in the relations between the individual republics and nations within the USSR. There is not even a hint of the former "inviolable" friendship. Instead there is mutual resentment and settling of accounts. The road to intra-union integration will be a difficult one. It requires compromise. Today your most difficult task is to create a spirit of tolerance and mutual understanding. Only then the first successful steps toward resolving the economic problems will be possible.

Although I am not an economist, it seems to me that it is simply impossible to restructure the entire economy all at once. It is necessary to select from the sectors of the national economy one which will quickly give the people tangible results: Goods on the store shelves. This will ensure trust in the government and will allow it to take subsequent successful steps.

[Correspondent] Your article also contains the following thesis: "The Warsaw Pact today is faced with the threat of losing its former cohesion. The younger members of the block, undoubtedly, are oriented toward their own interests, openly assuming positions which do not coincide with the Soviet positions. ... The former structures and methods of CEMA cooperation no longer work, especially since a number of its European members... are trying to include themselves into the effective economic system of the industrially developed Western countries". What conclusion does the West draw from this? Has the infamous threat from the East finally disappeared for it?

[Reuen] I will begin with a paradox. With the onset of the policy of perestroika and the new thinking, an era of tolerance toward the West has dawned. Yet at the same time we observe a shortage of this tolerance within the socialist community itself. Here is the reason for this: For many years, the artificial coverings of official internationalism have hidden the old prejudices—nationalism and even chauvinism. They did not disappear. They were driven inward, like a disease. Secondly, today everyone wants to be a prophet and does not want to listen to anyone else. This situation has arisen not only in Soviet society, but also in the relations between the Warsaw Pact members. Why? For all the years of its existence, it has been an alliance between communist regimes, communist parties, if you will. Where are they now? Almost all have gone over to the opposition and lost power. And so for the first time in the history of the Warsaw Pact, its participants must seek common interests, the material which holds them together. At the present moment this seems to be an incredibly difficult task, since for 35 years the common interests were defined by the leaders of the communist parties, and not by society.

[Correspondent] Does this mean you believe that there is no common interest today?

[Reuen] This question still remains open. What is it that must unite the Warsaw Pact today—the German threat? Perhaps individual countries do sense it—the Poles, for example. Yet if we ask the Czechs or the Hungarians, they will say: We see no such threat. So the German threat will not do as a foundation.

[Correspondent] Do not forget the NATO block, which has no friendly feelings toward the East...

[Reuen] Of course that is true, especially if NATO does not change its strategy. It is time to do so. There is almost no more "threat from the East".

[Correspondent] What do you mean "almost"?

[Reuen] The only variant which is discussed in the West is the possibility, say, of a counterrevolution or military overthrow. We may assume that the conservative forces in the USSR, with the participation of the military, will try to return the country to the old order.

[Correspondent] And how seriously do your politicians view such a variant?

[Reuen] They discuss it, but more in a hypothetical manner. It seems quite improbable to us. At least I believe that if this were to suddenly occur, the recoil would not be long-lived. Let us take the spiritual (as well as the material) consequences of perestroyka, glasnost, and the new thinking. They are so strong that any efforts of the conservative forces would be a fruitless effort. Moreover, your military has no "Putsch" traditions. In my opinion, it understands quite well that if it takes power, the next day it will have to deal with the terrible problems with which your current leadership is struggling today. I repeat: The variant is improbable. And if NATO wants to continue to function, it must change its goals, priorities, and military reference points. Yet, by its old habits, it still tries to seek out a threat from the East. It seems that only last year the NATO circles understood that the new thinking in the USSR really means a radical change in Soviet foreign policy. Nevertheless, it is still difficult for them to understand that it is time to change the "Eastern direction". NATO is currently undergoing its transitional period.

[Correspondent] We can understand the Western generals. If there is no "threat from the East", then what will motivate the need for preserving NATO?

[Reuen] Exactly. In our society there is a growing conviction that we can no longer live according to the old schemes.

[Correspondent] Maybe I am wrong, but NATO, it seems, is vitally interested in retaining the Warsaw Pact...

[Reuen] Of course, especially in its former form. That would greatly facilitate the work of the Western military. So we too will have to master our own variant of the new thinking.

[Correspondent] The USSR has presented the idea of a common European home, which was favorably received by Western politicians. At the same time, the system of unified security for all of Europe is being rejected. What kind of a common home will this be if the neighbors look at each other with suspicion?

[Reuen] The idea of a common European home is a good idea, and the aspiration toward a common European order within the framework of the CSCE should also be welcomed. Yet we must remain realists. The capacities of the security structures within the framework of the Helsinki process are limited. Just imagine: It is very difficult for 35 states, each of which has the right of veto, to reach unanimous decisions in crisis situations. New

mechanisms are needed: A common European center for exchange of military and economic data, a center for crisis prevention, and others. We may create a common European court for resolving controversial questions. It is true, however, it is unclear how its decisions will be realized if the losing side refuses to implement them. What levers of action must there be here? All this is important, perhaps, for formulating the new thinking. However, for preserving peace, the former structures are still needed for the present—NATO, and perhaps even the Warsaw Pact, if it takes on a new appearance.

[Correspondent] What about dissolving both military alliances?

[Reuen] In my opinion, that would be an erroneous decision.

[Correspondent] Would war break out right away?

[Reuen] Of course not. However, we have not yet touched upon the threat which might arise for all of Europe from without. In the near future the confrontation between the East and West of Europe will disappear, but that does not mean that the threat of war is entirely excluded in the next century. There is great conflict potential in the third world countries, where in past decades we waged a struggle against each other. The result is that the third world lives worse today than after World War II. Hunger, epidemics, and a threat to the environment are rampant there. Add to this political instability and mountains of weapons—and the picture will be complete. Today it is time to concentrate all the efforts of the North in the "southern direction". This means that we must not only have the means for repelling a potential military threat, but—most importantly—we must aid in the quickest possible economic uplift of the underdeveloped countries. We cannot solve these problems alone. We need a union of states—why can't NATO serve as such a union? Here I envision the future participation of all the countries of Eastern Europe, including the USSR, in solving common European problems. With overcoming the East-West conflict, peace is certainly not guaranteed.

[Correspondent] I cannot help but pose to a German the question about Germany. Why can it not have any other future except within the make-up of NATO?

[Reuen] The most important reason is that the economic and military potentials of a unified Germany must be included into the frameworks of unions—NATO and the EC. That is to guarantee that the development does not proceed in some undesirable direction.

[Correspondent] Nevertheless, that means there is a danger that a Germany which is not bound by alliance responsibilities may become "unmanageable"?

[Reuen] Yes, under conditions of a major economic crisis such a possibility cannot be excluded. It is better to integrate it into the Western community just in case.

[Correspondent] Yet are NATO and the EC reliable "safeguards"?"

[Reuen] Yes, these mechanisms, in my opinion, are reliable. Not one state which is included in the alliances can act as it pleases. Each one is firmly welded into the common structure. Breaking these ties would be like cutting into living tissue. Integration—economic, political, and military—is the most reliable invention of post-war history which hinders the individual aspirations of individual governments under conditions of crisis.

I often hear from you: The Soviet people have suffered the most from German aggression, and now Germany is again being united and will enter NATO. Yet it is time to understand that the Germans are no longer our enemies. The main thing is that it is time to place the old concepts of balance of power (many of our people also operate in this category) into the archives. Let us look at things realistically: All these decades we were in fact opposed not by the Warsaw Pact, but by the USSR. If there had been a conflict, let us say, 10-15 years ago, would your allies have proved to be reliable? I am not so sure about that. I do not argue the fact that thinking in quantitative categories facilitates the work of diplomats at negotiations. Yet the danger begins not with military potentials, but with intentions, and this truth is very hard to understand for your generals and ours alike. They always say: We are interested not in the intentions of the enemy, but in his potential. This is imaginary realism. We must know how to recognize the interests and intentions of the other side. The current integrated West, for example, is not interested in occupying territories and capturing the work force. During the times of Hitler this made some sense—new lands, slave labor, and concentration camps. For today's business it is much more important to obtain new reliable partners—that is where the true motivator of economic development lies. Today the developed countries have no reasons for military expansionism.

[Correspondent] All that is wonderful, but we must not forget: NATO's sights are, as before, aimed at the East, and we have no reason to ignore this fact.

[Reuen] NATO also needs new thinking. And, of course, we must reduce the military potential of the Western alliance. It is unjustifiably high. This will help us begin to truly overcome the image of the enemy. Today the time has come to establish a direct dialogue between NATO and the Warsaw Pact, some other institutional forms of cooperation and elimination of mutual concerns. However, this must be an evolutionary, step-by-step path. Let us not build castles in the air. They have never brought anyone anything but disappointment. We cannot untangle the knots woven for decades in a single day. At all the stages we must expand the coalition of rational forces—that is the main thing today.

Roundtable Discusses International Cooperation in Europe

90UF03604 Moscow SOTSIALNO-POLITICHESKIYE NAUKI in Russian No 6, Jun 90 pp 51-85

[Roundtable discussion held in February 1990 and sponsored by MGU and SOTSIALNO-POLITICHESKIYE NAUKI: "Political Changes and Problems in International Cooperation in Europe (Roundtable Discussion)"]

[Text] A discussion of the current problems of European political development was held in February of 1990 at the initiative of MGU's UNIVERSITETSKAYA TRIBUNA and the journal SOTSIALNO-POLITICHESKIYE NAUKI. The following topics and questions were proposed as the basis for discussion.

1. Cardinal changes are taking place on the European continent today which are altering not only the forms, but also the very content of interaction of European states and peoples. As we know, the next step in integration within the framework of the EEC must be completed by 31 December 1992. The totalitarian, anti-democratic regimes which strived toward autarchy and isolation from current civilization have collapsed in Eastern Europe. At the same time, phenomena are arising which evoke some concern: The rapid course of events, their elemental character, the emotional coloration of the evaluations given to them, the appeals to "review Yalta", the "forced re-unification of Germany", etc. How substantiated, in your opinion, is the affirmation of a number of Western political scientists regarding the "collapse of the entire post-war political arrangement of Europe"? Does the principle of inviolability of boundaries continue to remain a condition for preserving peace on the continent? What are the prospects for development of German-German relations within the context of the common European process?

2. Positive changes are taking place in the relations between the East and West, which allow us to speak of the end of the "cold war". More and more barriers separating our continent are being torn down. The problems of common European cooperation are coming to the forefront and mutual openness and trust are increasing. In this connection, the idea of the "common European home" is evoking ever more interested discussion. Could you summarize the main viewpoints expressed by Western theoreticians and political leaders on this question? What institutions and mechanisms may aid in building the "common European home"? Is the development of common European cooperation an embodiment of the ideas of convergence of two socio-political systems? Is it possible without ideological compromises? What are its limits?

3. An organic part of the events taking place in Europe is the evolution of interrelations between the socialist countries. The crisis phenomena in these countries have led to an undermining of the "socialist alliance". Old problems have been exacerbated and new ones have arisen in the sphere of bilateral and multilateral relations

between the socialist countries. This has affected, specifically, the coordination of their foreign policy, including also at the UN and in common European forums. The re-orientation of economic ties toward the West by most of the socialist countries has demanded appropriate changes also in their foreign political activity. Some West European political scientists view these processes as the beginning of the end of the "communist block" and express suppositions regarding the possible disintegration of CEMA and the Warsaw Pact. On the other hand, in our literature one may sometimes come upon such an interpretation of the indicated processes according to whose positions they appear as a triumph of the "strategic direction of imperialism toward the split of world socialism". What is your attitude toward such viewpoints? Do the noted processes lead to the necessity of rejecting the concepts of the "world system of socialism", and the "socialist alliance"? Does a real possibility for new forms of a union between the countries of Central and Eastern Europe exist under current conditions? What, in your opinion, might these forms be?

The discussion participants were *Ye. G. Baranovskiy*, candidate in historical sciences, docent at the USSR Ministry of Foreign Affairs Diplomatic Academy; *E. Bvolke*, doctor of philosophical sciences, associate at the Group for Study of World Problems, Humboldt University (GDR); *Ya. Kubish*, advisor to the Czechoslovak embassy in Moscow; *V. S. Mikheyev*, candidate in juridical sciences, senior scientific associate at the USSR Academy of Sciences USA and Canada Institute; *V. Ya Pashchenko*, candidate in philosophical sciences, docent at the MGU philosophy faculty; *V. Richter*, doctor of philosophical sciences, professor, director of the Group for Study of World Problems, Humboldt University (GDR); *D. M. Feldman*, candidate in philosophical sciences, senior scientific associate at the USSR Academy of Sciences Economics of the World Socialist System Institute; *G. S. Khozin*, doctor of historical sciences, docent at the MGU philosophy faculty; *P. A. Tsygankov*, doctor of philosophical sciences, section editor of the journal *SOTSIALNO-POLITICHESKIYE NAUKI*; *G. Shumaker*, representative of the F. Ebert Fund in Moscow (FRG); *A. Yu. Shutov*, instructor at the MGU philosophy faculty.

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Germans, Neighbors Express Pros, Cons on Unification

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pp 22-23

[Article by B. Lysenko: "The Unification of Germany: The Stakes Are Too High"]

[Excerpts] "I am afraid of a greater Germany," says Thorsten Laute, a 23-year-old student from West Berlin. "I am afraid that superpatriotism will lead to the revival of nationalism. We all still have not rethought our

history. We have not settled accounts with Nazism. People in East Germany have thought even less about it."

"The Germans today are different from the ones who supported Hitler," asserts Alfred Grosser, the well-known French scholar who specializes in problems of Germany. "They have really adopted democratic principles. They have done everything possible to demonstrate their good intentions."

The statements quoted present the two opposing poles in the sh^ap debate which has recently heated up over the unification of Germany. In one and one-half years this process has taken on a furious pace and brought to light a whole set of the most complicated domestic and foreign political and economic problems. This knot of problems is becoming tighter and tighter. In such a situation any hasty or less than fully-considered step or political decision may result in all of us who live in Europe, and even beyond its borders, having to work to untangle it for an agonizingly long time.

Our letters to the editor also attest to concern over the formation in the center of Europe of an economically powerful, unified Germany. Many readers, even those who are not against unification, directly express the need "to insure its permanent neutrality." And altogether convincing arguments are given, which essentially come down to the following.

"Twice in this century Germany attacked us and cost us such incalculable calamities, grief, blood, and sufferings that it is simply impossible to forget it all. A unified Germany must not be in NATO; we need guarantees," virtually everyone demands.

German studies specialists also raise the question of guarantees: most of them believe that guarantees must be given to the European states, the Soviet Union among them, and in addition, to the Germans by both German states. So, it sounds convincing, simple, and concrete. But, dear readers, do not hasten to seek such "simple" solutions for very complicated problems. A simple solution is not always a brilliant one. In any case, to put an end to the almost half-century postwar period. Therefore, to "simply" demand neutrality for unified Germany or "simply" object to its membership in NATO is a short-sighted position, since such "simplicity" may once again only bring us to the trenches of confrontation. And despite all else we have been through that before, and more than once.

Germans on Germans

Let us try to figure out the situation which has taken shape. There are two German states, the GDR and the FRG, which after concluding a State Treaty on Currency, Economic, and Social Union in fact entered the stage of real unification. The governments of both states are firmly intending to achieve immediate unification. However, not all parties of the GDR interpret the State Treaty with the FRG in the same way. While the GDR

party second in importance, the Social Democratic Party, which has made considerable effort to refine the treaty, has slackened its criticism; other parties assess the treaty differently. The New Forum Movement believes that "the GDR bowed to the diktat of the conqueror in Bonn: the people wanted to move toward unity—but they are being forced to crawl on their knees." The press announcement of the parliamentary faction "Union-90" says: "The important and sovereign rights of the GDR are being handed over to the FRG." Gregor Gizi, the chairman of the Democratic Socialism Party (PDS), called the signing of the State Treaty "the GDR bowing to Bonn."

Judging from public opinion surveys, FRG citizens have different attitudes toward the State Treaty. The SPD [Social Democratic Party] candidate for the post of chancellor, Oskar Lafontaine, stated that the decision to introduce West German marks on 1 July of this year is "an enormous mistake." He rejected the Bonn coalition's intention to hold all-German elections by 19 January as a "mistaken" intention. In an interview with the magazine DER SPIEGEL, the head of government of Saarland said: "The peoples of the FRG and the GDR believe that the pace proposed by Chancellor H. Kohl is too fast, and many believe that the path now chosen is a hasty and ill-considered one, and, consequently, a wrong one."

After the conference of the SPD leaders, party chairman Hans-Jochen Vogel announced that the party cannot agree with "the present version" of the Treaty signed by representatives of East and West Germany. This statement also contained a threat that the Social Democrats of West Germany would probably use their recently-won majority in the upper house of parliament (the Bundesrat) to delay ratification of the Treaty, which could delay introduction of West German marks on the territory of East Germany, which would damage H. Kohl's efforts to speed up progress toward unification. The parliaments of both East and West Germany must approve the Treaty for it to be ratified.

The promise to create a currency union has already complicated the economic situation in the GDR. Prices for many East German goods have fallen substantially because of the stream of more desirable West German goods which can be bought easily either for East German or for West German marks. Prices in East German marks are double the prices in West German marks in anticipation of the exchange of East German currency for West German at a rate of 2 to 1, which has been set by the Treaty.

What does this mean for the working people of the GDR? It can be illustrated using the following example. Suppose that a worker involved in assembling the Trabant car earns 1,300 East German marks every year. The car was sold at a price of 14,000 East German marks. As a result, the people's enterprise was able to cover the cost of the apartment rent and certain other expenditures of its workers from its own profits. But in the future it will

not be possible to sell the Trabant for 14,000 marks, since an incomparably better car, the Volkswagen Polo, costs 15,500 West German marks. As a result, Trabant has already begun to fire workers in order to reduce expenditures.

Today people in East Germany have ambiguous feelings. On the one hand, they are glad that the taboo on the truth has been removed and that there is no double standard of morality which deformed people's souls. A course toward a market has been adopted; it promises that a man's prosperity should depend completely on his abilities. On the other hand, several generations have already grown up under socialism and they are used to living by leaning on the strong shoulder of the state. It is very difficult for them to restructure themselves. The threat of mass unemployment, the need to live looking ahead, and tough competition from the residents of West Germany create fear. As a result, as Reiner Werner, a professor at Berlin Humboldt University, believes, a large part of the GDR population is psychologically unprepared for the rapid changes that are occurring.

Such fears have become one of the reasons for the independence of action of the new leaders of East Germany, which was a surprise to many observers. L. de Maiziere, for example, opposes the efforts H. Kohl has made recently to move unification to December. And in fact most of the FRG population is not interested in accelerating this process. Of those surveyed 60 percent believe that it is developing "too quickly." In the opinion of 3 percent, it is going "too slowly." Thirty-two percent of those surveyed think the rate of unification is the optimal one.

As for the question of the FRG citizens' readiness for personal financial sacrifices, more than half of those surveyed (51 percent) gave a positive response. However, there are also a considerable number who would not want to make such sacrifices (41 percent).

Understanding all the complexity of the situation, the ruling West German parties, the CDU/CSU [Christian Democratic Union/Christian Social Union] and the SPD, are making desperate attempts to "delay the schedule" of unification. Using an extensive propaganda campaign focused above all on GDR citizens, the Bonn cabinet intends to sow among them justifiable fear for their future after the State Treaty between the two German states goes into effect in July of this year.

As Hans Klein, an official government representative, said at a press conference a few days ago, 25 million marks have been allocated from the FRG budget for these purposes. A "special bulletin" 12 newspaper pages in length is to be published in 7 million copies; it will explain the goals and tasks of the Treaty and its impact on the condition of various strata of the population.

Showings of publicity films will be organized in GDR movie theaters. Even an animated film, "Wise Ludwig," has been made, it extensively publicizes the market

economy which helped create the "economic miracle" in the FRG in the 1960s under the leadership of Ludwig Ehrhard.

After examining just a small part of the iceberg of the internal problems of unification, one can be certain that even the Germans themselves approach it with care and even with caution, understanding the intricate and unexpected difficulties which await them on this path. But what do other peoples, especially the Europeans, think of all this? What external aspects of unification disturb them?

The Neighbors Talk About the Germans

The West German Chancellor H. Kohl, who is resolved to come to the December elections as the "Chancellor of unification," after long hesitation a month ago finally announced that unified Germany would have "good relations with all countries of the East and West, above all with Poland." "No one should fear," he said, "the unification of 61 million West Germans and 17 million East Germans. We take the fears of our neighbors seriously, but we also ask them to take our desire to unite into one unified fatherland seriously."

West Germans, writes the American weekly TIME, are some of the most informed people on Earth, and they know one thing very well: they have created worldwide problems. But even respectable Germans sometimes feel that it is as if they are being condemned for original sin—and the constant mention of the crimes and mistakes of the past are perceived selectively. Kohl has repeatedly stated that most Germans were born after the war and are in no way guilty. They are tired, the weekly says, of the moral lessons that the rest of the world is giving them, and now is just the time for outsiders to focus on the "positive things which have taken place in Germany since 1945."

Whether or not the antidote was excessive, it obviously worked. The Prime Minister of Italy Giulio Andreotti stated: "There are no more bacteria in the body of Germany." A similar appraisal came from the director of the Czechoslovak Academy of Sciences Sociological Research Institute, Jiri Musil, in Prague, where the memory of the German occupation is still very fresh. "The Germans killed my father," he says. "But I don't believe in collective guilt. I am deeply convinced that the Germans have changed fundamentally and that the gap in the lengthy process of education has now been eliminated."

Recent surveys of public opinion show that a significant majority of people of the countries of the West support the idea of the unification of Germany. Thus, for example, in France 68 percent of those surveyed believe that unification will strengthen peace. At the same time, however, in Poland, a third of whose territory is made up of former German lands, 64 percent of the Poles opposed unification.

Judging from the survey conducted by the Belgian journal VIF-EXPRESS, older people fear a unified Germany more than young people. They consider the economic dominance of unified Germany over Europe inevitable or probable, and

60 percent of those surveyed in Belgium do not rule out the revival of German nationalism.

That is by no means a complete or simple picture of how the countries neighboring Germany perceive the prospects of a unified Germany. But the process of unification goes far beyond perceiving it or not or the desire or unwillingness to see a unified Germany. It demands from all Europeans, including Germans from both sides of the Elbe, careful, proper, and comprehensive consideration of the interests of all parties participating in this process.

French Academician Assesses Relations, Perestroyka

90UF0344A Moscow LITERATURNAYA GAZETA
in Russian No 29, 18 Jul 90 p 14

[Article by Jean D'Ormesson, member of the French Academy, under the rubric "The World Around Us": "Perestroyka: A View from Outside"]

[Text] As a foreign writer, I will not venture to assume the ignoble mission of explaining to Russians what Russia's destiny is. All I can dare do is try to explain in a few words what has changed in our view of your country because of perestroyka.

The French have the most friendly feelings toward the USSR. Although we have so much in common with the United States of America, it still seems to me that I am closer in spirit to the Russian people than to the American. Oh, yes! The great army of Napoleon seized Russia and 2 years later the Cossacks pitched their bivouacs in the Champs Elysees in Paris. Nonetheless the French people have deep sympathy for the Russian people. At the beginning of our century, despite the different regimes and facing—already!—the German threat, the French Republic was an ally of tsarist Russia.

The October 1917 revolution frightened most French people. After all the upheavals which ended in the shameful deal of the Western democracies in Munich in 1938 and the just as shameful German-Soviet pact of 1939 and two years later fascist Germany's invasion of the USSR, it was Hitler who was involuntarily the cause of the reconciliation between the Soviet Union and America, England, and France. The majority of French felt hostile to Hitler. Even those who did not like Stalin praised the heroic resistance of the Soviet people to the German invasion.

The war ended in the defeat of National Socialism, but, in Churchill's words, an "iron curtain" fell over Europe. In the battle against fascism, all of us Europeans defended human rights, freedom, and respect for national independence and the human being. From here, from the West, it seemed that Stalin's dictatorship oppressed Eastern Europe and that the so-called people's democracies were democracies only in name.

But under Khrushchev this order began to change. How can I express the feeling which that man aroused in us a bit more

precisely? I think one could say that he amused us. He pounded his shoe against the UN rostrum in New York, he did not hide from people, he was rather popular in the West. Incidentally, in addition to zest there was something else: for it was he who gathered the courage to tell the truth about Stalin at the 20th Communist Party Congress.

After Khrushchev—I am skipping stages, of course—we got the impression that with Brezhnev, Andropov, and Chernenko elderly people had come to power in the USSR. We were suddenly aware that the country which up to then had served as a model of revolutionary changes itself had frozen the Revolution and was stuck in its past. It was at precisely that moment that Gorbachev appeared on the scene.

I think that in the West everyone promptly realized that Gorbachev embodied a revolution in the Revolution. But two opposite trends immediately emerged here in the approach to glasnost and perestroika. In the opinion of some people, Gorbachev, neither a liberal nor a democrat in the Western sense of these concepts, nonetheless wanted profound changes in the communist system; others believed that he merely threw dust in people's eyes and continued the policies of Stalin in different forms. In order to lay all his cards on the table, the author of this article wants to state clearly that he belongs to the first group.

Even more than the great upheavals in the USSR, the unprecedented events which unfolded in East Germany and Eastern Europe astonished and surprised us. Poland, Hungary, and Czechoslovakia becoming free, the fall of the Berlin Wall, and the unification of Germany have made our heads spin. People in France thought that 1989 would be the year of the 200th anniversary of the French Revolution. It became the year of the liberation of Europe from the Stalinist yoke. Unexpectedly, Gorbachev, whose name we link to the start of reforms in the USSR and who was—I am looking for the most accurate word possible—a contemporary of the events in Central Europe, let us say, became an idol in the eyes of the West. Two men became the most magnetic figures in public opinion here: John Paul II and Mikhail Gorbachev. Now and then one hears, though it is a joke of course, that an enormous majority in America would elect Gorbachev their president.

Of course, there are some disagreements among us. One of the foci of these disagreements is Romania. When the loathsome tyrant Ceausescu fell, France was full of enthusiasm and a broad movement in support of the Romanian revolution arose. But after recent events in that country, many people wonder whether a kind of palace coup took place in Romania under the influence of Gorbachev in order to transfer power to Ion Iliescu and Petru Roman and give the communist system a chance to survive, even in different form, in that country.

Events in Lithuania and the Baltic republics also provoked an ambiguous reaction among the French. The Baltic republics are part of the USSR by an agreement

concluded between Hitler and Stalin. Is it right to oppose their desire to be independent? But those who believe in Gorbachev's sincerity ask other questions: Is it a good idea right at this important moment of history to weaken his position? Wouldn't it be better to give him the opportunity to calmly and peacefully continue the reforms he has begun?

But the French have of course heard that Gorbachev's popularity in his own country does not equal his popularity in the West. Everyone who has visited the USSR in these years mentions how surprisingly quickly an atmosphere of intellectual freedom has taken shape in your country. But they also mention something else: that your people have never before known such difficulties with foodstuffs, for example

Now I want to tell you the truth about how perestroika appears from here, from France. I will dare to assure you that if my fellow-countrymen were invited to vote, the overwhelming majority would favor the success of perestroika. But everything that is happening in your country creates a feeling in ours that Gorbachev's policies are at serious peril. If he had to leave, who would replace him? A military officer or a reformer? Conservatives or... anarchy?

Human rights, freedom, respect for the human being are the basis of contemporary morals. The least that one can say about the Stalinist type of communism is that it was alien to these concepts. Who is not familiar with the joke which one hears everywhere: "Capitalism is exploitation of man by man; in communism it's the other way around." Dictatorship over the proletariat, privileges for elected officials, bans on all freedoms, lies in any form—that was communism according to Stalin.

But there was also something else. Liberalism and a market economy have a multitude of flaws. But they work. Business goes on. We have poor people, and there are even more in America. Nevertheless, the average standard of living continues to rise. Communism has been defeated: West Germany was rich, East Germany was poor. Gorbachev has weighty reasons for carrying out reforms. But the problem is that there is nothing more difficult in the world than reform. It has already been three-quarters of a century that communism has been promising the Soviet people a bright tomorrow, but the people have never seen it. We know that the Soviet economy is in very bad shape and that the food supply of cities is deteriorating. We know how many difficulties have befallen you, and each one must be solved: the food problem, the economy, the awakening of nationalism, the agonizing labor pains of democracy and a multiparty system. We have gotten the impression that Gorbachev is a man of exceptional intelligence and breadth. We are grateful to him that he speaks in a language much closer to reality than the language of politicians of appeasement and slaves to routine. Therefore we wish him success in the reforms he has undertaken.

CEMA Secretary Discusses Organization's Future

90U F03624 Moscow EKONOMICHE SKIYE NAUKI
in Russian No 6, Jun 90 pp 38-43

[Interview with Professor Vyacheslav Vladimirovich Sychev, CEMA Secretary, by the EKONOMICHE SKIYE NAUKI editorial office in the "Our Interviews" section; time and date of interview not given: "Outlines of the Future Model of CEMA"]

[Text] The subject of the present and future CEMA [SEV] deeply concerns our readers. Professor Vyacheslav Vladimirovich Sychev, secretary of the Council for Mutual Economic Assistance [CEMA], kindly agreed to answer the editorial office's questions.

[Editorial office] As you know, one-sidedly negative assessments of the role and results of the Council's functioning have appeared in connection with the increase in centrifugal tendencies within the CEMA framework. How should one view these?

[Sychev] First of all, one should start with the "unalterable facts." They are these. During the years of the cooperation, a profound interdependence of CEMA member countries was achieved. Stable and vitally necessary economic relations, which played a substantial part in development of the economies of all participant countries without exception, took shape between them. Approximately 60 percent of their foreign trade is attributable to the reciprocal commodity exchange, including 20 to 25 percent between CEMA member countries exclusive of the USSR. Industrial enterprises and oil and gas pipelines important for each of these countries were constructed, and a unified electric power system and other facilities are in operation, with the output of which our countries meet their import requirements in fuel, power, and raw materials almost completely, and better meet their needs for food and consumer goods. There are significant results in the implementation of scientific-technical plans, in electronics and biotechnology for example. CEMA has also played a substantial, positive part in the development of cooperative production in a number of machine-building sectors.

It is already clear from the foregoing: During past decades, the Council for Mutual Economic Assistance was essentially an organizing nucleus, furthering the uniting of efforts and the bringing of each of the Council's member countries to a new economic development level. In the presence of so high a degree of our countries' economic enhancement, I think that one should not underestimate the positive potential of the collective economic organization, within the framework of which a number of common conditions, standards, and cooperation norms are in effect, and exchange of information on urgent development and economic policy matters is occurring.

[Editorial office] Wherein lie the reasons for the CEMA countries' dissatisfaction with the state of affairs in the cooperation, and why does the economic interaction need a radical perestroika?

[Sychev] In recent decades, the CEMA member countries' economic interaction has begun to lose dynamism, and its effect on the solution of socioeconomic problems has weakened. The cooperation's efficiency has dropped. The growth rates of the countries' reciprocal commodity exchange have noticeably diminished, having fallen behind development of the countries' national production. Contractual discipline is declining, and difficulties in reaching agreement on delivery terms are increasing. The unsoundness of the traditional type of reciprocal trade, the essence of which lies in the barter exchange of fuel, raw materials, and electric power for finished products, is more and more obvious under modern conditions. Efforts to further increase the delivery volumes of many goods, raw and fuel/energy resources above all, have ceased to be worthwhile. At the same time, the volume of reciprocal trade in machine-industry (primarily machine-building) products is not meeting the needs of the CEMA member countries' national economies.

The main reason for all of this is the inefficiency of the mechanism for administering the mutual cooperation. The point is that the nature of the cooperation within the CEMA framework is inseparable from the economic conditions and management methods that have taken shape in the interacting countries themselves. National particularities of the economic mechanisms have "carried over" into the international sphere. This means that an administrative-command and centralized-bureaucratic management system characteristic of the national economies, and now being repudiated by the very facts of life, has also made its mark on the mutual cooperation mechanism.

The CEMA member countries' cooperation methods, acquired over the decades, obviously no longer suit their national production's changed domestic and foreign conditions and their new socioeconomic problems. The decisive circumstance is that the traditional relations between CEMA member countries not only lag the countries' dynamics, but have also come into sharp conflict with the radical economic reforms taking shape in the countries.

Therefore, the CEMA member countries are unanimous on the whole economic cooperation system's needing a radical perestroika, and its changeover to entirely new interrelation principles. The countries, I repeat, are interested in CEMA's perestroika, but not at all in its dissolution. It is necessary to stress this unequivocally, because the rumors and predictions concerning our organization's disintegration are being exaggerated in the press of various countries. There are no grounds for such predictions. Indeed, as I have already noted, there have developed between CEMA member countries economic relations so profound and important for them that their elimination would be disastrously reflected in the development of their national economies, and would cause economic chaos and unpredictable consequences in most participant countries.

As you know, CEMA member countries are undergoing a trying period just now. I am talking about the profound sociopolitical and economic changes aimed at the society's further democratization and a market economy, and about the aspirations to be included in world economic relations and the formation of a common European economic area. The perestroika of the whole system of cooperation between CEMA member countries and the Council for Mutual Economic Assistance's activities must be in keeping with the democratic revival processes in the CEMA member countries. And it is risky to extend the perestroika into the long-range future. This matter has assumed an urgent nature today because the solution of a number of the most pressing problems in development of the trade and economic relations between CEMA member countries, and the very future of the Council, depend directly upon it.

[Editorial office] The cooperation's problems and difficulties have built up for years, and they required prompt resolution long ago. Have attempts of any sort been made in previous years at serious change of the situation in the cooperation?

[Sychev] Resolutions far-reaching in their content were adopted, for example, at the CEMA Member Countries' Economic Conference at the Highest Level in 1984, and at the CEMA Session's 43d (Extraordinary) and 44th Meetings. Unfortunately, however, these resolutions were carried out unsatisfactorily. And the reason, in this case, is not just the desire or lack of desire to make changes. Apparently, the countries were not ready for radical changes in the mechanism of cooperation or the creation of the cooperation's new model. Now, when changes in the countries' social life and, among other things, their economies as well have begun to gain startling speed, more favorable preconditions for perestroika of the cooperation between the countries, and its mechanism, are taking shape.

[Editorial office] Please comment on the main results of the CEMA Session's 45th Meeting. On what general ground was consensus reached?

[Sychev] In the course of that meeting, and later, during the work of a special commission, the countries drew the outlines of the mutual cooperation's future model. This is the main result.

Agreement was reached, first of all, on the matter that active inclusion in the multilateral cooperation's structure of economic instrumentalities only is appropriate to the new problems confronting CEMA and the new conditions for the interaction's development. All meeting participants agreed on the need for reexamination of the principles of cooperation within the CEMA framework, the goals, functions, and structure of the Council itself, and even its constitution (toward the end of bringing it into accord with the provisions of international law). The key idea was that the economic interaction must effectively further creation in the countries of

the sort of economy that will be able to adapt to changes in the world market and actively participate in world economic relations.

The viewpoint, according to which conversion to market bases of the reciprocal trade and other areas of cooperation between CEMA member countries is essential, was prevalent. This will further the creation of a united market area in the future, and a gradual accordance with world market conditions. The involved countries will be able to achieve the realization of collectively developed goals successfully within the framework of such a highly futuristic cooperation system. The problem of CEMA member countries' organic participation in the international division of labor is becoming ever more urgent, and transition to the exchange conditions generally accepted in world practice is in keeping with the countries' strategic interests.

[Editorial office] Can you describe the planned development process for the CEMA member countries' market methods of economic interaction in greater detail? Will a place remain for a plan foundation under such circumstances?

[Sychev] It is clear that the development of market forms of the interaction requires, first of all, accelerated formation of the appropriate mechanisms and instrumentalities. Primarily this entails the gradual bringing of contract prices in CEMA member countries' reciprocal trade into accord with current world prices, as well as the introduction of a new joint accounting system based on freely convertible currency. Thus a mechanism for creating currency exchange rates in keeping with the currencies' purchasing power is acutely needed. In short, CEMA must become an organization, within the framework of which cooperation is developed with use of the financing methods generally accepted in the world.

The accounting system that has been employed within the CEMA framework up to the present time is based on the use of a collective currency—the credit ruble. Being essentially an accounting unit, the credit ruble is not tied to either the CEMA member countries' national currencies or freely convertible currencies. So long as the cooperation was developing on an extensive basis, and so long as the CEMA member countries' reciprocal commodity exchange was shaped—both in volume and nomenclature—at the interstate level and balanced on a bilateral basis, acute need for a full-value payment means was not felt. But then, upon enterprises' receiving the right to enter the foreign market in many CEMA countries, and upon the development of direct relations between them, as well as other progressive forms of interaction, the appearance of real payment means became imperative.

Of course, an increase in the market instruments' role in the integration mechanism does not mean a rejection of the economic interaction's plan incentives. However, the existing method of coordinating the CEMA member

countries' national economic plans needs radical renovation. It must be based to a greater extent on coordination of the countries' economic policies, and on the countries' joint consultations and exchange of experience in socioeconomic development.

In the area of reciprocal trade, deliveries of fuel and raw materials, certain kinds of machine-building and electronic products, and some other goods of a strategic nature for our countries' economies probably may still be agreed upon at the intergovernmental level for a specified time (the next 5-year plan, for example). The rest of the commodity exchange must become the subject of negotiated agreement between enterprises and the countries' associations.

We are proceeding on the basis that transition to the new model of joint labor division presupposes the accelerated participation in the process of enterprises, associations, and other economic organizations. The development of direct cooperative relations and the creation of joint enterprises and international economic associations are necessary for this. The transformation of the economic mechanism for interaction within the CEMA framework must take into account the fundamentally new role that enterprises are beginning to play in becoming the basic entities of economic relations. In most CEMA member countries, enterprises have received the appropriate rights for active participation in foreign economic activity. This indisputably furthers the various economic entities' integration into the economic interaction within the CEMA framework.

In a number of cases, however, enterprises and economic organizations are still substantially limited in their actions by the "partnership" of ministries and departments and an inflexible system of state procurement orders or other forms of relationships between state and enterprises. This compels them to adapt to the changing management conditions in one or another CEMA member country "on the run." Reaching agreement on a realistic exchange rate for the national currencies, an accounting system, and taxation remains an urgent problem.

[Editorial office] You said that renovation of the Council for Mutual Economic Assistance itself is forthcoming with the new cooperation principles' implementation. Please tell us about it.

[Sychev] A special commission was created at the CEMA Session's 45th Meeting for the preparation of a set of proposals on this matter. The countries have sent authoritative, knowledgeable specialists and managers of state economic organs and departments, as well as prominent scientists, as delegates to the commission's makeup. In the course of the commission's work, the opinion is being expressed that gradual qualitative improvement of the multilateral cooperation mechanism should become the Council's most important function. In the future,

CEMA is conceived as an intergovernmental organization which furthers, by its activity, the countries' joint work in solving the cooperation problems within the states' purview.

It is also proposed to strengthen the Council's economic analysis and prediction functions and to economize its activity. This means that the "quality" of one or another agreement should be measured by economic efficiency indicators. It is proposed to transfer the deciding of specific issues in scientific-technical and production cooperation to the CEMA member countries' enterprises and economic organizations. The Council's task, in this case, will be to assist the countries in creating conditions for expanding the direct contacts between those economic entities through the utilization of pricing and currency-financing instrumentalities.

[Editorial office] What can be said about making full implementation of the whole cooperation system's perestroika stepwise?

[Sychev] It is extremely important to bear in mind during this perestroika that countries with very different economic development levels and economic mechanisms are included in CEMA. The economic reforms' implementation paces and the countries' readiness for their economies' transition to market principles are dissimilar (In this regard, great attention was paid to particularities of the economic situation that has developed in the non-European CEMA member countries—Vietnam, Cuba, and Mongolia—at the CEMA Session's 45th Meeting). This occasions a need for gradualness and proceeding in steps in making the changes in the Council for Mutual Economic Assistance, and for a certain transition period. In order to take into account the interests of all member countries and their actual capacities to participate in the perestroika process within the CEMA framework, it is advisable to use variable cooperation forms and methods flexibly. It is not ruled out that countries ready for more radical changes will establish very close ties among themselves on an economic-interest basis, ties predominantly regulated by market incentives.

Gradualness and proceeding stepwise in the transition to the new model of cooperation, as well as reaching agreement on the measures necessary for this, will make it possible to avoid sharp fluctuations in the CEMA member countries' development of mutual relations and neutralize the consequences of possible losses or the obtaining of one-sided advantages. Without this approach, the danger of weakening the national economies arises.

[Editorial office] How are the possibilities, prospects, and stages of CEMA member countries' participation in world economic relations, including the formation of a "common European household," viewed today?

[Sychev] CEMA's perestroika is aimed at its opening to cooperation with third countries and various international organizations. In the modern world, no country

can remain out of world economic relations. Autarky limits development opportunities, and hinders the solution of global problems and access to achievements of scientific-technical progress. This, of course, also applies to the countries of the European continent. For arranging mutually advantageous cooperation among them, equivalent economic conditions, or what is customarily called the "European economic area" ["yevropeyskoye ekonomicheskoye prostranstvo"], is essential. The "European economic area" now includes 12 countries of the YeES (European Economic Community [EEC]) and 6 countries of the YeAST (European Free Trade Association). And the more actively the perestroika process develops in the countries of Eastern Europe (and in the Council for Mutual Economic Assistance), the more intensively these will participate in the integration processes in Europe (and in world economic relations), and the greater the contribution they will make to creation of the "common European household's" economic foundation.

All things considered, the countries of the European community will turn out to be the CEMA member countries' main partners in the long run. The establishment of official relations between CEMA and the EEC has become an important step on the way to organizing cooperation in Europe. A process parallel to this is the establishment of relations between the European Economic Community and individual CEMA member countries. Hungary, Poland, the Soviet Union, and Czechoslovakia have signed agreements with the EEC, which define these countries' development of trade with the Community.

However, the establishment of official relations between the two organizations is only the first step. The task is to fill this cooperation with real substance. CEMA has advanced proposals concerning the organization of cooperation with the EEC in specific areas that can objectively create mutual interest. I am talking about such areas as environmental protection, energy supply, transportation, science and technology, standardization, statistics, and economic and scientific-technical forecasting. In our opinion, these are high-priority problems, demanding immediate solution through the united efforts of the continent's countries. It is quite obvious that the areas of cooperation in Europe are not exhausted by these problems. Other areas of joint action also may be agreed upon.

In forming its approach to the development of economic relations in Europe, CEMA is proceeding on the basis of the "common European household" concept. Therefore, the participation of countries other than CEMA and EEC member countries in this process is unquestionable for us. Favorable vistas are opening up for the arrangement of relations between the Council for Mutual Economic Assistance and the European Free Trade Association, and for discussions and negotiations between CEMA and the EEC and European Free Trade Association.

CEMA's prospects of participating in the overall European integration process will be determined to a substantial extent by the consistency and dynamism in the implementation of reform of the mechanism for CEMA member countries' multilateral cooperation, and by the progress in creating an economic environment compatible with world economic conditions. In other words, the cooperation's future lot, both within the CEMA framework and with third countries, depends upon success in the matter of creating a modern model of the interaction.

Moreover, it is very important to take carefully into account the reform processes taking place in the CEMA member countries' social life and the reforms being carried out in these countries, and to skillfully utilize the rich experience in the worldwide division of labor.

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Role of International Investment Bank in CEMA Reform

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[Article by A. N. Belichenko, Chairman of International Investment Bank: "IIB: New Aspects of Activity"]

[Text] The 45th CEMA session held 9-10 January 1990 in Sofia marked the end of many years of domination by a mechanism of distribution by fiat in economic relations between CEMA countries, thus reflecting processes gaining ever greater momentum in them.

The economic restructuring [perestroika] currently taking place in CEMA countries directly impacts on the mechanism of reciprocal accounts and payments. A monetary and financial mechanism is forming which takes elements of market relations into account, and the economies of these countries are integrating more actively into the world economy. Over the next few years mutual accounts and payments between CEMA countries will be conducted in transfer rubles, the national currencies of the respective countries, and in freely convertible currencies. We expect that the proportion of the former will gradually decline.

Analyses of trends in the development of the CEMA countries' economic policies provide the basis for conceptualizing the IIB's activities and elaborating problems of adapting them to the new conditions in economic, fiscal and credit management, as well as to the changes taking place in the regulation of economic cooperation in the CEMA framework.

One of the main areas of IIB credit activity is facilitating the implementation of measures envisaged in the Comprehensive Program of Scientific and Technical Progress [STP]. To date, 22 loan agreements to an aggregate sum of more than 550,000,000 transfer rubles have been concluded in priority STP areas.

The bank participates actively in formulating procedures for implementing and financing major scientific-production and technological projects on a cost-accounting [khozraschet] basis. Currently it is considering a loan application for the Interbioazot-2000 project. A loan has been granted for purchasing modern equipment for a biotechnology center in Yalta, USSR, under the project "Virus-Free Planting Material For New Promising Plant Varieties."

Another method of helping to implement advanced STP projects is the establishment of general and specialized IIB funds for the respective business organizations of CEMA member countries. For three years the IIB has been operating a Common Fund for financing nuclear power plant reconstruction and dismantling following expiration of the plant's operating period. In 1989, a Common Fund was set up to finance the development of modern programs and equipment for training nuclear power industry personnel. This new form of financing makes it possible to provide better loan and account services for STP projects and ensure needed coordination in the use of funds.

In future the bank's work to facilitate implementation of the STP Comprehensive Program will evidently be in many ways determined by changes in the program itself, in its structure and the organization of efforts to implement it envisaged in the overall context of radically reforming the cooperation mechanism. In any case, we will have to employ a more diversified range of credit and fiscal tools and expand the bank's activities aimed at facilitating STP. Loans for investments in major specific-purpose scientific-production and technological projects in convertible or, by agreement between the IIB and the banks of the countries concerned, national currencies will acquire growing importance.

We expect that IIB loans may help to launch the output of products developed in the course of implementing STP measures, including industrial application of R&D results.

When granting loans to enterprises and organizations working on STP problems we intend to expand reciprocal operations with banks of the countries in which they are being serviced.

The IIB intends to take part in the accelerating process of expanding economic ties between the countries of Eastern Europe and the West. Accordingly, it is reviving contacts with some regional development banks and studying the possibility of establishing specific business cooperation with them in implementing investment projects of mutual interest. Ways will apparently be found of setting up business contacts with the newly established European Reconstruction and Development Bank, which is planning major investments in CEMA countries.

In October 1989, the IIB Council's 48th meeting considered possible participation in financing lease operations,

providing credits for international financial leasing operations, primarily in connection with acquisition of the newest equipment by joint ventures and other cost-accounting [khozraschet] businesses in CEMA countries. A preliminary study by IIB experts of the state and prospects of development of the lease servicing market in the world and in CEMA countries suggests that by developing this specific form of financing capital investment the IIB could to some degree increase its contribution towards scientific and technical progress in member-countries.

The IIB has already signed a contract on providing a DM5,900,000 loan to the Bulgarleasing company to purchase equipment for subleasing to the Soviet-Bulgarian-Swiss joint venture Tangra MS, which plans to set up new capacities for manufacturing modern writing accessories in Moscow.

In addition to providing loans to leasing companies, the IIB is studying questions of direct participation in the implementation of leasing contracts, i.e., of its acting as a party in leasing contracts in the capacity of an organization acquiring property for subleasing.

Expansion of the bank's participation in a wide range of leasing operations requires continued in-depth study not only of the general principles of organization and operation of the leasing market and the financing of those operations, but also of the development of a detailed participation "technology". This includes drawing up legal, monetary-financial and technical normative documents to comprehensively regulate this new and promising area of banking activity.

In our view, the long-term interests of developing the leasing market in East-European countries and its integration with the world market could be served by setting up national leasing associations, which would subsequently join appropriate international leasing organizations.

Currently the IIB provides loans both in transfer rubles in the framework of the multilateral payment system among CEMA member countries, and in freely convertible currencies. Moreover, 82 percent of the bank's accounts are in operations in freely convertible currencies. For that reason, as some countries gradually transfer to reciprocal payments in convertible currencies, the process will be basically in keeping with the established dynamics of the bank's credit relations.

In view of the prospects of CEMA members going over to account payments in world prices using freely convertible currencies, the bank's credit activities will, evidently, be unified and conducted mainly in convertible currencies. This will make possible greater integration of the bank's credit operations both in mutual cooperation of member-countries and in dealings with other countries.

At various phases of the transition to accounting in freely convertible currencies the IIB will be basing its

credit relations on multilateral and bilateral accords between countries regarding each specific phase and on the accounting methods established by the respective countries. This means that, for example, given an understanding between the concerned countries to continue using the transfer ruble in mutual accounts, during a specified phase the IIB may continue, during an agreed period, to issue loans in transfer rubles to borrowers in the respective countries.

Settlements with borrowers on loans received in transfer rubles will be handled in accordance with understandings on procedures for settling reciprocal demands and obligations in transfer rubles between the countries concerned. As accounts in transfer rubles decline in favor of freely convertible currencies, the IIB, together with borrowers and representatives of other banks, will determine the procedures for paying back IIB loans provided in transfer rubles. One can envisage settlement procedures that would provide for mutual consideration of the obligations of borrowers from a given country in transfer rubles and of that country's contributions to the bank's charter fund.

Given bilateral or other understandings regarding full or partial conversion to accounting in freely convertible currencies, the IIB will be able to offer loans to borrowers in the respective countries in freely convertible currencies for the acquisition of investment commodities not only on Western markets, but also within the framework of trade between those CEMA member countries.

The IIB could also provide credits if the countries concerned reached understandings to settle accounts, as an interim measure, on a clearing basis, with partial or full balance conversion. In this case the IIB could provide loans in freely convertible currency, provided they are guaranteed by an export-import bank of the borrower country.

The CEMA members are discussing questions of using their national currencies for settling international accounts. Business organizations and enterprises in these countries are showing interest in this. The IIB is currently preparing to use national currencies in its financial dealings. When the bank starts using national currencies it will, apparently, depend on their being approved for reciprocal account settlement between the respective countries.

By drawing on international financial markets for funds in convertible currency on relatively favorable terms and making them available for long-term loans, the bank can facilitate implementation of member countries' investment programs. Currently the ratio of the IIB's own funds to outside funds in convertible currencies is 1:6.6, which is close to the proportions accepted in world banking practice.

In its efforts to expand in this area the IIB is looking into opportunities to diversify loan operations. In particular, a decision has been reached (for the first time) to issue

bonds, which will make it possible to attract funds on more favorable conditions and for longer periods of time.

To assure stable growth of the bank's loan operations as it goes over increasingly to convertible currencies, and to continue in future to maintain liquidity at the needed level, the bank will, apparently, have to change the currency structure of its capital and increase its accounts payable in convertible currency. Here different approaches are possible, which will require additional work and coordination to take into account understandings that may be reached by various countries. For example, declaring the bank's entire capital in convertible currency and conversion of the part paid by the countries in transfer rubles into freely convertible currency; increasing the paid portion of the charter fund by full or partial channeling of the bank's profits in convertible currencies for a specified period of time, etc.

If positive experience is gained in using national currencies for IIB credit activity, especially as the problem of their convertibility is resolved, in future it may be worth forming a portion of the charter capital in national currencies, including by replacing a portion of the capital in transfer rubles.

IIB credit operations will, apparently develop in two main areas, which have essentially evolved in the last few years. The first is to grant loans for joint investment projects and development programs implemented by several member-countries on the basis of government or other understandings between them, including between business amalgamations, associations and concerns. It should be noted that at present the implementation of such projects is being placed on a commercial basis. In this area, the operations of the IIB as an international credit institution and the style and methods of its work will, evidently, approach the procedures of such banks as the Northern Investment Bank, the European Investment Bank, and other regional banks. In particular, there are plans for project financing, which assumes a comprehensive economic assessment of the financed project's economic viability and the risks involved, so that in some conditions it would not require additional guarantees.

The bank could also provide financing for projects and programs implemented both by CEMA countries and with the participation of other countries. In this case financing joint ventures of CEMA member-countries would, apparently, take priority in the bank's loan policies, both from the point of view of its activity and from the point of view of delineating spheres between the IIB and the European Reconstruction and Development Bank, which will, apparently, to some degree focus attention on West-East projects.

The second area is promoting the development of new forms of external economic activity in the sphere of direct collaboration of businesses and organizations (the so-called microlevel). Priority would be given to

financing investments of joint ventures and associations, including with Western partners, as well as business organizations involved in foreign economic activity.

The IIB Council has authorized the Board to act on its own on loans of up to 10,000,000 transfer rubles, including in freely convertible currency. This has made it possible to spur the bank's operations in financing small capital investment programs, usually by cost-accounting business organizations and joint ventures of member-countries.

Another move in connection with the changing situation has been a certain organizational restructuring of the bank. In 1989, a new department was established for financing new forms of external economic connections, as well as an independent section for operations in transfer rubles and national currencies. The functions of some other structural subdivisions of the bank were clarified.

The main tasks of the department for financing new forms of external economic connections are:

To study new forms of economic cooperation and give financial assistance to expand the collaboration of joint ventures, international business organizations, and scientific-production associations of CEMA countries, Yugoslavia, and other countries;

To draw up proposals relevant to the bank's practical involvement in the development of leasing operations and the introduction of new technologies in CEMA countries;

To investigate and develop new methods of credit and financial cooperation between the IIB and national banks, scientific and production associations, cooperative and other organizations of CEMA countries, Yugoslavia and other countries.

A great number of specialized and commercial banks have been set up and begun to operate in different sectors of the economy of IIB member-countries.

In the year since it was established the new department has conducted negotiations and consultations on questions of financing and establishing other forms of cooperation with more than 70 joint ventures, banks, international and national organizations.

Taking into account that many joint ventures in the USSR are members of the Association of Joint Ventures, International Associations and Organizations set up in 1988, special attention is being given to expanding collaboration with that association. Business contacts are also being established with many other newly formed associations of commodity producers.

Assistance is being given to a number of joint ventures and other business organizations in establishing business contacts among themselves.

The number of organizations wanting to discuss the possibility of obtaining loans or simply to get consultation on various issues is steadily growing. In view of this, the bank is considering setting up a consultation office.

The little experience it has so far acquired in dealing with joint ventures makes it possible to draw some preliminary conclusions.

It can, firstly, be noted that in many cases the formation of joint ventures is preceded by only superficial analyses of the state and prospects of the market for the intended product. Soviet partners often rely on the opinions of foreign participants and, as a consequence, questions of marketing a joint venture's output outside the country are left virtually entirely to the foreign partner.

Secondly, current legislation governing the activities of joint ventures is in need of supplementary legal provisions, including in the area of mortgages, promissory notes and other regulations governing financial and credit relations of joint ventures with national and foreign banking businesses.

Lately the IIB has granted loans to the Bulgarian-Soviet joint enterprise Avtoelektronika; to the Yugoslav partner of the joint Soviet-Yugoslav enterprise Sovpoliyuplas, which produces consumer goods, in particular, plastic wares; to the Moscow Regional Center of the World Association of Nuclear Power Plant Operating Organizations for the acquisition and installation of a local computer network. At one of its latest meetings the Board decided to grant a loan to the Interkvadro joint enterprise for the implementation of measures in connection with the development and delivery of PC software and hardware systems. Over the last few years the bank has granted loans totalling more than 85,000,000 transfer rubles to seven joint ventures, including a significant portion in convertible currency. Currently the bank is considering loan requests (mainly in convertible currency) from several joint ventures.

The IIB is seeking to get more involved in investment projects in the social infrastructure. Thus, a decision has been made for it to participate in a consortium chaired by the Moscow Narodny Bank in London to finance the construction of a deluxe hotel ("Sherotel") at Moscow's Sheremetyevo-2 International Airport by a joint Soviet-French-British enterprise. The IIB has received offers to help finance the construction of similar hotels in Moscow and Warsaw. Bank experts are currently studying the possibility of accepting these offers. Negotiations are on with several Soviet and foreign organizations about financing tourist and health facilities in the Soviet Union.

With the expected enhancement of commercial principles in the IIB's credit activity, it will continue to diversify operations with the purpose of providing fuller and better services for clients. This includes, among other things, the development of various forms of providing credit, the establishment of credit lines for bank customers, participation in credit consortiums, in

financing leasing arrangements, and perhaps also launching securities operations and providing consulting services. This would make it possible the better to meet borrowers' credit needs for various purposes and to provide other banking services. To this end we may also start holding current and deposit accounts for specialized commercial and other banks and, perhaps, also for business organizations of member-countries. The question is of creating a modern banking tool essentially in keeping with world banking practices.

In these conditions the IIB is facing new aspects of operations involving assessments of risk factors, introduction of various types of credit guarantees and insurance used in world practice, use of expert assessment of the financial and economic status of borrowers and the economic effectiveness of investment projects.

New aspects in IIB activities are appearing in connection with the restructuring of national banking systems in several member countries. A redistribution of functions between operating and newly formed banks is under way. This requires greater interaction with authorized banks and IIB cooperation with newly established specialized and commercial banks in member countries. This work is being conducted along the following lines: loan agreements between the IIB and borrowers, cooperation between banks on the basis of credit and guaranty operations, establishment of contacts with a wider range of national and joint enterprises and business organizations, increasing the number of potential customers, joint financing of investment projects.

One of the areas of the bank's activities is preparation for the new conditions stemming from the orientation of CEMA member-countries' external economic relations towards fuller and more effective incorporation in the world economic system and the prospects of the creation of a single West-European market. This includes expanding existing and establishing new contacts in a number of areas, notably: exchanging operational experience; joint financing of investment projects and programs in ecology, energy, transport; joint financing of joint ventures and projects; cooperation in traditional operations between banks.

The IIB may find it worthwhile to consider using its capital to participate in the charter funds of international credit, financial and business organizations and joint ventures.

In present-day conditions, as the IIB shifts its activities in many ways to a new basis, it will, apparently, be necessary to amend basic and other regulatory documents, including the Agreement and Charter. This may involve the currency structure of its capital and specification of general goals and tasks. The latter could, perhaps, be interpreted more broadly by orienting the bank on helping member-countries to participate more comprehensively and effectively in the world economy. At the same time, commercial criteria are, apparently, becoming increasingly important in evaluating the

bank's activities, especially its profitability. The question may also arise of making some changes in the organizational structures of IIB management.

It would seem that the anticipated radical changes in the economic mechanism of cooperation among CEMA countries, including its currency and financial aspects, and corresponding changes in the IIB's credit mechanism will lead to a qualitative new level of operations in international investment credit.

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Role of International Banks in CEMA Switch to Convertible Currencies

90U F0384.4 Moscow *IZVESTIYA* in Russian 26 Jul 90 Morning edition p 1

[Article by M. Berger, *IZVESTIYA* correspondent: "Banks Without Convertible Rubles"]

[Text] *IZVESTIYA* reporter M. Berger met with V. Pekshov, Deputy Administrative Chairman of USSR Gosbank.

As we know, simultaneously with the signing of an agreement about accounts in convertible rubles the International Bank of Economic Cooperation (MBES) was created within the framework of CEMA [Council for Mutual Economic Aid], and several years later—the International Investment Bank (MIB). Formally these inter-government credit institutions are not a part of the Council for Mutual Economic Aid, but the list of member countries, which coincides fully with the list of CEMA countries, and the implementation of a significant number of transactions in convertible rubles speaks of the unbreakable bonds between the fate of the council and these banks. What awaits the MBES and the MIB when CEMA makes the transition to accounting with freely convertible currency and there are no longer any convertible rubles?

When these collective banks were created the actual intention was that they would develop their operations primarily in convertible rubles. However, standard units of money (standardization always incurs losses) with which everyone began gradually gave up their position to real money—hard currency. The banks were able to win a certain position in the world financial market (primarily because they are inter-government institutions and therefore are guaranteed by the respective governments) and to attract convertible currency. Last year of the total volume of transactions in the MBES, 51 percent (\$500 billion) used hard currency. During its period of operation the MIB has provided credit for the building of 139 objects in all countries that are bank members for a total of \$9 billion. A large portion of these assets is in convertible currency.

Will this circumstance achieve the viability of the banks under new conditions, when the founding countries are assimilating market economics and moving away from

accounts in convertible rubles? How should transactions be made under the new conditions? Under what principles should the MIS and the MBES operate? And are they even needed now? Recently a meeting of experts from member countries took place in Moscow (this, incidentally, is where both banks are located). All of the experts unanimously came to the conclusion that the system of multilateral accounts in convertible rubles will not be able to exist after 1 January 1991, which is fixed in the protocol of the meeting. At the same time all of the participants were in favor of preserving both banks and of further expanding operations with freely convertible currency. Moreover, the delegations of the USSR, Hungary and the GDR expressed a need for a transition to hard currency already in January of next year whereas some delegations reserved the right to carry out accounts in convertible rubles through the MBES for a period of time on a bilateral or group basis.

Probably the main problem was the following: Should the legal status and position of the banks change (should they be reorganized into stock societies) or be retained as an inter-government organization? The immediate transformation of banks into stock societies for all practical purposes will mean the cessation of the existence of the previous banks. And since we will have to start from the beginning then the assets that were received earlier will have to be returned or at least renegotiated. Is this wise since today the MBES has hard currency totalling over \$3 billion, and the MIB—over \$4.5 billion? The reputation of the banks for fulfilling their obligations is fairly high and they have established other relations with over 500 Western banks.

At the meeting the majority was in favor of maintaining the current status of the MBES and of the MIB, which has been recognized as an international bank association for a long time. It is another matter that in the future a gradual transformation of the banks into stock societies with the preservation of their inter-government status is possible. Similar examples are well-known in world practice. In particular, this is the basis for the operations of the International Currency Fund, the World Bank and international regional banks.

Of course a great deal will depend on how rapidly and successfully the banks reorient themselves toward work under the new conditions of decentralization of foreign economic ties, on whether they will be able to participate in currency-financial services to individual enterprises, including joint enterprises, commercial banks and other clients of a type that is new to them, and on whether they will facilitate development of market relations in member countries. The circle of MBES and MIB clients must be expanded, keeping in mind not only the CEMA countries but also international financial and economic organizations and the banks of Western and developing countries.

For all of this to take place it will undoubtedly be necessary to change the corresponding inter-government agreements and regulations of the MBES and the MIB. The drafts for such changes and additions will be prepared by the administrations of both banks. They will be assessed at regular meetings of the administrative organs of banks which will take place in October of this year.

New Basis for Trade with Developing Countries Needed

90UF0358A Moscow PRAVITELSTVENNYY VESTNIK in Russian No 26, Jun 90 p 10

[Article by I. Khotsialov, USSR Council of Ministers State Foreign Economic Commission department chief and candidate of economic sciences: "Our Relationship with the 'Third World'"]

[Text] We customarily see the developing countries as the main object for the export of capital and the site of vigorous activity by transnational companies. And they certainly are that. But frequently we forget the other side of the coin—their increasing participation in international division of labor: many of the "third world" countries have now become not only major exporters of various types of raw materials and foodstuffs, but also of industrial output, including high-technology output. All together they account for one-quarter of world trade.

Our share in their foreign trade turnover is low—about 2.5 percent, but the region's proportion in ours is slightly more than 11 percent. USSR cooperation with them is based on 86 intergovernmental agreements. But the main "load" falls to eight countries—India, Iran, Libya, Syria, Algeria, Egypt, Afghanistan, and Argentina. They account for 70 percent of our total commodity turnover with the developing countries.

But what do these figures really mean? Are these foreign economic ties really so important to us if on the whole they do not occupy such a significant place in the Soviet economy? I will say right off that, yes, they are important. If only because the "third world" countries are the main purchaser of Soviet machines and equipment. The sale of coal, timber, cement, cellulose and paper, and other goods is not insignificant.

We receive oil and petroleum products, nonferrous metal concentrates, cotton, coffee, and tropical farm products. At the present time our country takes little clothing, fabric, shoes, or other consumer goods from its partners, although recently purchases of consumer goods have increased sharply, especially in India, Syria, and Egypt.

In short, the Soviet Union's economy and the economy of the developing world may successfully complement one another and objectively require mutual economic cooperation. Our partners, for example, have significant and unique reserves of certain types of mineral resources and food and industrial crops cultivated only in the tropics which are scarce in our country. The general conclusion is unambiguous: the development of relations with this group of states helps realize Soviet foreign economic strategy and the course to integrate the Soviet economy with the world economy.

Is Our Help Effective? In our country many people are saying that the Soviet Union's aid to a number of countries is unjustifiably large, considering that we are undergoing serious economic difficulties. What is the

situation in reality? To be truthful, this aid is significant. We are giving assistance in building more than 3,500 of the most varied economic objects (more than 2,200 of which are already on line).

But this is what is disturbing: only a few countries have built production capacities which play a substantial role in resolving the economic problems they face. The reason is not only that clients were not able to use them properly. Sad to say, it is also in the approach of Soviet organizations which tried to incorporate the volume of capital allocated to the maximum degree, without having serious economic justification and without taking into account real local conditions.

The consequences of the following circumstance were also not considered: production and other objects which have already been turned over or are still being built usually belong to the state sector, and in many cases that sector is unprofitable. So the new enterprises also operate at a loss.

In Favor of a Mutually Advantageous Basis. I must say that all previous experience brings us to the conclusion that it has become necessary to change to a new basis for developing trade-economic cooperation with this group of countries. Without question we must first of all free it from pontification and make it really mutually profitable. But up to now, as everyone knows, the "principle of mutual profitability" has in fact given advantages to our partners. We do not favor shifting the other way now. No, we mean equitable relations which take the interests of both parties into equal account.

An orientation to receiving equal economic benefits will also be more in line with the character of the perestroika of all economic activity underway in the USSR, which is focused, among other things, on the currency self-support of enterprises.

Changes in economic exchange with the developing countries show that the objective possibilities concealed in specialization of partners in international division of labor are not being fully utilized. For example, the Soviet Union is virtually unrepresented in the market of scientific-technical services which the "third world" is glad to use. But we have substantial potential in this sphere.

An Outdated Principle. And there is one other consideration. Our entire system of foreign trade relations, including those with the developing states, rested for a long time on the so-called balance principle of planning. Political interests were for the most part pursued in relations with them, and relations were also constructed on the basis of desires expressed by the leaders of these countries.

With the exception of just a few major projects, there was usually no serious substantiation of the economic base for strengthening trade relations, which frequently amounted to simple commodity exchange. The new progressive forms of cooperation were hardly used in them at all.

And we have already begun to feel what interaction without an economic base means from our own example: it leads to gradual exclusion of the USSR from the markets of the developing countries. In fact, under the existing trends people are beginning to consider us merely a source for obtaining preferential financial and technical aid or outright aid and for financing the least profitable projects, as well as a market for selling output which is not in demand in the West.

It is becoming clear to even a nonspecialist that a qualitatively new basis for trade-economic cooperation with the developing countries is needed. That would make it possible to focus that cooperation in priority directions which really ensure mutual benefit for both parties and closely relate it to meeting the long-term economic challenges posed by perestroika. As yet there is no uniform strategy for USSR economic relations with the developing world. Our long-term requirements for raw materials and other goods which our partners possess have not been defined.

Money Likes To Be Billed. Nor is everything in order with repayment of Soviet credits. Our methods of settling debts do not always take into account the real situation and the level and goals of relations with particular states. We are doing a poor job of using new forms of cooperation, and we do not always take account of the conditions which help settle debt problems, including, as an example, building compensation projects to increase purchases of local output, and so on.

Some ministries and departments have not always evaluated the real potential for debtors to fulfill their payment obligations. They tried to expand their own exports by increasing concessions and increasing deliveries without reliable guarantees for payment.

What could have been done? Examples are expand commodity purchases to pay off debt; liquidate it by subtracting payments for the upkeep of Soviet specialists; use local currency to finance expenses for objects of

economic cooperation, including investments in the creation of joint ventures; or activate multilateral exchange and reexport transactions with goods offered to the debt account. So there really aren't so few ways to solve this problem; we just have to seek them more actively and persistently!

Toward New Forms of Cooperation. Life dictates that we must change from primarily trade ties to more diversified economic relations and the use of progressive forms and directions of cooperation. Scientific and production cooperatives, joint ventures, interaction on third world country markets, licensing of machines and equipment—none of these have been applied to the proper degree in our relations. After all, objects of joint cooperation which have already been built may be put to using these reserves. That would be the basis for setting up production cooperatives at first, and then joint ventures too. Potential for developing the appropriate joint production facilities with the most developed "third world" states remains completely untapped. They have advanced technology, new types of equipment, and scientific-technical documentation which they receive from the advanced Western countries.

Most likely, it would be short-sighted to ignore the process of privatization of the state sector which has started in certain developing countries. Obviously, it is in our interest to activate alternative business relations with the private sector: begin construction of small and average-sized export-oriented production facilities which produce output of interest to the USSR and encourage foreign economic activity of Soviet state and production cooperative enterprises and organizations in that direction.

And, finally, the treaty law basis of the USSR's economic relations with the developing countries must be reinforced. It should strengthen the USSR's line to introduce new forms of cooperation and protect the interests of Soviet partners in cooperatives, compensation deals, joint ventures, and trilateral cooperation, including in "third world" country markets.

Soviet Foreign Trade Statistics Cited

90UF04264 Moscow *EKONOMIKA I ZHIZN*
in Russian No 31, Jul 90 p 18

[*"At A Glance"*]

[Text] The USSR's foreign trade turnover in 1989, which amounted to 140.9 billion rubles in current world prices, was the second largest in the Soviet Union's entire history—after 1985, when it reached 142.1 billion rubles.

Converted at the USSR State Bank's official exchange rate as of the end of last year, the volume of Soviet foreign trade in 1989 approached \$240 billion. This is a third of US trade turnover, which was the world's largest and exceeded \$800 billion. Among other countries, the USSR has held seventh or eighth place in terms of this index in recent years, alternating with Canada.

The Soviet foreign trade imbalance for last year was marked by the largest negative balance (which is to say that imports exceeded exports) in the country's entire history. The excess reached 3.4 billion rubles, or \$5.5 billion.

Our foreign trade had its largest positive balance at the height of the boosting effect that world oil prices had on it in 1984, when Soviet exports also reached a record level—74.4 billion rubles—and exceeded imports by 9 billion rubles (nearly \$15 billion).

The United States continually has the world's largest negative foreign trade balance, where it annually reaches \$120 billion to \$150 billion and more. In Great Britain and France, this index can sometimes reach \$50 billion and \$20 billion respectively.

One of the main causes of the United States' high negative balance is its large imports of petroleum and petroleum products, and for France and Great Britain, the import of many other types of raw materials. The aforementioned countries try to offset the negative effect that the imbalance has on their international currency and financial position by increasing exports of equipment, as well as capital and services.

Japan and the FRG have the largest positive foreign trade balance. In both countries, it exceeded \$80 billion in 1988. The basis for this is their processing industry branches, which are the world's most competitive.

The chief test of all countries's various industrial branches lies in the world market, especially in international trade transacted for freely convertible currency. The Soviet Union, more than 70 percent of whose foreign trade is with the socialist and developing countries, obtains freely convertible currency for less than a third of its exports, chiefly fuel and raw material resources.

Proportion of USSR Trade In Individual Goods For Freely Convertible Currency In 1989

	in percent
Crude oil	21.4
Fuel gas	46.2
Round timber	49.5
Metal-cutting machine tools	32.2
Forging and pressing equipment	10.7
Power engineering equipment	8.1
Tractors	19.4
Passenger cars	45.2
Farm machinery	1.8
Cameras	11.6

Revision Of Financial Basis For Export, Import Operations Urged

90UF03864 Moscow *EKONOMIKA I ZHIZN*
in Russian No 26, Jun 90 p 20

[Article by Candidate Of Economic Sciences A. Burov: "Foreign Economic Activity—Problems and Opinions: Foreign Currency Self-Financing: From Command To Taxation"]

[Text] As statistics published in *EKONOMIKA I ZHIZN* on our foreign economic ties show, no significant results of perestroika are to be observed in this important sphere. Moreover, for the first time in the past 14 years, the balance of the USSR foreign trade turnover last year was negative, amounting to 3.4 billion rubles, and the share of machinery output in Soviet exports in comparable prices declined in 1985-1989 from 13.9 percent to 12 percent.

Why? Much has been said—and correctly—about the difficulties that enterprises and organizations face in entering the foreign market on a mass scale, about the insufficient training of Soviet managers, and about the state budget deficit. This is all true. But clearly, the main reason for our poor participation in the world economy is that the relevant state management agencies have not attached and are still not attaching decisive importance to the most important factor: the creation of an economic mechanism under which enterprises and organizations would have an economic incentive to produce high-quality, competitive output (work, services), to sell it on foreign markets, and to import in a rational manner goods that they themselves have earned.

Prisoner to Dogmas and Stereotypes. Despite the various resolutions of the past four years and earlier resolutions, foreign currency cost recovery and self-financing have not become the foundation of the foreign economic activity of ministries and departments, nor of production associations especially. The central departments have created, put into effect, and are maintaining a "new" mechanism that continues to exclude and economically isolate Soviet enterprises and organizations

from the end results of their activity in foreign markets—i.e., from the "real-life" foreign currency revenues derived from the export of their output and from responsible foreign currency expenditures for imports.

This is because we continue to operate not according to the well-known, simple albeit flawlessly functioning formula of "goods-money-goods"—a formula used throughout the world—but according to an extremely complex arrangement that has been horribly disfigured, so to speak, by the distorting mirrors of the command economy. This arrangement is as follows: "export item (value of export production)-release price (in Soviet rubles) used in settling accounts between foreign trade organizations and Soviet exporting enterprises—foreign currency earnings derived from export (at the disposal of the state)—foreign currency expenditures for imports (at the direction of the state)—delivery price (in Soviet rubles) used in settling accounts between the customer and the foreign trade importing organizations—appraisal of the imported item (the customer's unrealized outlays for the domestic production of the imported item)"

Thus, an enterprise does not have access to the end result—the foreign currency earnings—but receives only monetary compensation in Soviet rubles. Enterprises and organizations find themselves on a short, internal leash consisting of "export item-Soviet rubles-import item." As before, the end results—namely, the entire foreign currency earnings and foreign currency expenditures—remain at the centralized disposal of state agencies. And they determine both the allocation procedure and the repurchase of the "donated"—like a spice cake—so-called foreign currency deductions from the export of finished output.

Directives aimed at correcting this situation have been half-hearted and, as a result of the contradictory nature and slow pace of economic transformations, have gone unfulfilled. In a number of cases, they have been distorted, as in the case of the notorious differentiated coefficients.

Directives Instead Of Incentives. Let us recall that outwardly, the essence of this arrangement is the conversion of contractual prices into Soviet rubles and, moreover, the outright preservation of the old procedure for setting settlement prices: The difference between the administratively set delivery prices (paid by the buyers) for imported goods and the release prices for exported output (received by the producers) accounts for a sizable portion of the state budget's income. According to the 1990 plan, revenues thus obtained by administrative means from foreign economic activity are to amount to almost 59 billion rubles, or nearly 14 percent of the state budget's entire income.

There's no need to dispute about the state budget's importance for the country. But haven't we been reluctant for too long to enlist in the budget's formation levers of an economic—not command—nature?

Central economic departments can be expected to try to preserve the present practice of economically excluding enterprises from the results of their activity on foreign markets in the upcoming five-year plan as well.

In the meantime, the foreign currency situation has not fundamentally changed during the years of perestroika. True, after settling accounts with enterprises and organizations in Soviet rubles in any event and placing all foreign currency earnings at the disposal of the state, central management agencies have deemed it possible, in an effort at redistribution, to allow exporting economic organizations to use the rubles they have received to buy (more precisely, to repurchase) part of the foreign currency derived from the sale of their output (work, services) on foreign markets, and to open a balance account. In and of itself, this roundabout procedure whereby enterprises can obtain part of the foreign currency they themselves have earned knowingly and greatly complicates the work of the banking system, creating a colossal additional load on its employees. And yet there are in addition outright discriminatory measures with respect to many exporting enterprises and even individual branches of the national economy.

Nor can we ignore the following circumstance: Under the current system of "foreign currency self-financing," the total sum of foreign currency deductions in freely convertible currency in 1987 amounted to nearly 900 million rubles, and in 1988 to 1.2 billion rubles for all Soviet enterprises and exporting organizations. If we compare these indices to the overall volume of foreign currency revenues from exports to capitalist countries, as well as to the People's Republic of China and the Socialist Federal Republic of Yugoslavia, they total only something on the order of 3 percent to 5 percent, which can hardly be considered a serious basis for enterprises' foreign economic activity under conditions of foreign currency cost recovery. But most importantly, even before the current foreign economic changes began, enterprises' foreign currency income, which was simply called deductions from exports, was at roughly the same level. I will not dwell on the incredible practical difficulties that confront enterprises when they try to obtain funds in freely convertible currency in their balance account (payment and repurchase "card").

Still, There Is An Incentive Close At Hand. For all our understanding of the concerns of financial and planning departments, especially in connection with the threatening dimensions of the state budget deficit, under the present conditions, in which enterprises are tightly swaddled in the threads of "scientifically formulated," allocation normatives and coefficients, the overall task of producing goods in our country that meet the requirements of the world market can hardly be accomplished in the first place.

Combining the interests of the state as a whole with the interests and through the interests of labor collectives can be done only by replacing allocation, directive-based planning with an economically expedient tax system. As

world practice demonstrates, such a system enables labor collectives to do more work and to do it better.

The sole sensible method capable of providing economic incentives for the development and enhanced effectiveness of export and import operations is the direct entry of all foreign currency earnings from exported goods (work, services) into the accounts of the enterprises and organizations themselves. What an enterprise earns through exports is what it should get. And outlays for imported goods should be paid only out of the enterprise's own pocket, from its account of "real-life" foreign currency. Or by obtaining credits.

Under this arrangement, the state's interests can be guaranteed by levying an economically correct tax on the amount of foreign currency earnings, to be promptly paid to the state. In view of international practice, the size of the tax could be something on the order of 30 percent of the foreign currency earnings received. The remaining major share of such income, which would remain at the full disposal of the enterprise, could be sufficient for the enterprises' and organizations' foreign currency cost recovery and self-financing; it could also be sufficient to meet the interests of subcontractors. In the case of raw material goods, considering rent payments, the tax could be set at up to half of the foreign currency earnings.

Restrictions on Export of Natural Resources Urged

90UFO356A Moscow *IZVESTIYA* in Russian 19 Jul 90 Morning Edition p 2

[Article by V. Krasilov, director of the All-Union Scientific Research Institute of Nature Conservation and Preserve Affairs and professor, B. Orlov, candidate of biological sciences, and A. Filimonov, candidate of biological sciences, under the rubric "From Letters to the Editor": "The Sell-Off of Nature by Cooperatives and State Enterprises Has Assumed Threatening Proportions"]

[Text] Alarming and threatening signals are now coming from all regions. People are demanding that the plunder of our wealth on an unprecedented scale be stopped. Here is just one of the latest telegrams received by the USSR Council of Ministers: The Kazakh SSR Council of Ministers expresses concern about the continuing uncontrolled shipping abroad of the republic's export goods. The cooperative Fenix (Chimkent) sold 800 kilograms of saiga horn to the Beriman firm for 500,000 foreign exchange rubles through the Severnaya fanta firm. And 10 tons of this precious commodity were exported across the border of one of the Baltic republics. The alarming telegram confirms that even the government of a Union republic does not have the power to stop the horrible plunder of our natural wealth.

In pursuit of hard currency, state and cooperative organizations make multimillion-dollar deals every year to deliver our country's wealth abroad. Valuable types of

animals and plants, timber, topsoil, and minerals are being transported abroad. Various legal channels and circuitous routes are used.

Let us cite the most typical examples. Saiga horn, which the Kazakh SSR Council of Ministers telegrammed about, is valued highly on the international market. And so the saiga is threatened with complete extermination; the animals are pursued mercilessly and rounded up by motorcycles. According to data as of 1 December 1989, 32 organizations—15 cooperatives in Kazakhstan and Kalmykiya (where the trade has been officially banned since 1987) and almost as many in Moscow—are involved in supplying horns. Moreover, so are Uzbekintorg, Promvneshtorg, the 40 let Oktyabrya agricultural firm, and others. Contracts to deliver 300 tons of horn for a sum of 150-180 million dollars were concluded last year alone.

The Feniks cooperative is involved openly in the offense. It has no licenses. Customs barriers are surmounted using false invoices which indicate the saiga horn being illegally exported is cattle horn. In a number of cases licenses have been issued by the Uzbek and Kirghiz councils of ministers, although the trade is carried out in Kazakhstan. What can we say about cooperatives when in pursuit of hard currency the governments of republics and kray management organs are prepared to plunder their neighbors' and their own resources. Humanitarian purposes are usually used to cover this activity—they say they are obtaining medicines or disposable needles for the people. However, we do not see the medicines, but we do see more and more foreign cars.

It is noteworthy that even enterprises which are located far from the habitat of the valuable animals actively participate in the saiga operations. For example, certain "Tibetan medicinal products" are in the sphere of trade interests of the joint venture Dalso-Pacific. With the support of the intersectorial foreign-economic association Prodintern, in 1989 Dalso requested licenses to export ginseng, musk deer spray, and the velvet antlers of the axis deer—for a total sum of about 8 million foreign exchange rubles. "Tibetan medicine" is a cunning maneuver. The point is that all three, ginseng, the Sakhalin musk deer, and the axis deer have been entered in the USSR Red Book as species threatened with extinction. Their use for economic purposes is strictly limited. But when it comes to "Tibetan medicinal products," no formal prohibitions exist.

The illegal trade has undermined the reserves of ginseng, that precious gift of nature. And now the extraction of it must be limited to 50 kilograms a year. Despite a certain increase in purchase prices, a substantial amount of the root has not been prevented from reaching the black market. Foreign trade organizations could give substantial help in the struggle against the offenses, but they themselves are inventing more and more ruses and pretexts for raising the quota. One of them is using immature plants—young plants illegally obtained in the taiga, plants which by custom are not to be touched—

which are allowed to ripen. The "matured" gingseng is no longer formally considered wild, and that allows Dalso and Prodintern to request and receive one-time licenses for 100 kilograms of root based on "in-house production." In reality this "production" should be considered an especially malicious type of offense.

Disregarding the basic principles of nondepleting timber use has led to a general impoverishment of the Ussuri taiga. A considerable amount of blame lies on Primorsprom. This organization is now trying to set up a joint Soviet-South Korean venture which will export 1 million tons of lumber a year for 30 years. The drying out of spruce forests serves as the pretext for this—they will disappear anyway, it is said. Specialists know that drying out is a natural cyclical process which helps rejuvenate timber stands, assuming, of course, that the young trees are not disturbed, which is inevitable when such large-scale procurement is underway. And this knocking down of the forest will be how the hasty export of wood will end, and hence, the animals on which the indigenous inhabitants of the Maritime Region live will die.

The Association of Business Cooperation with the Countries of the Asian-Pacific Ocean Region (created by USSR Council of Ministers Decree No 109 of 27 January 1988 to accelerate the economic development of the Far East) chose a very refined pretext for destroying the taiga. Through the USSR Academy of Sciences, it turned to the Soviet-West German joint venture INTELMAS. The association needed a Maritime Region ecology program (it was compiled with the aid of INTELMAS long before this request). To cover expenses for "ecological monitoring," the association requested a license to export 100,000 above-plan cubic meters of logs, 50,000 tons of pulp, and 5 million square meters of fiber board—for a total sum of 50 million dollars. The letter about this to the USSR Council of Ministers was signed by the members of the governing board of INTELMAS, Academician I. F. Obraztsov and S. V. Yemelyanov. We are talking of "developing and implementing extremely complex and high-tech environmental monitoring coupled with observance of the interests of all participating parties." Obviously, the real concerns of the association and its partners are somehow reflected in the phrase—their own "interests." These are the ones which will be observed. But will nature benefit from that?

Up to now we have been talking of major plunderers and sellers of the country's wealth. But there are many small ones too. Visiting cooperative members buy up snakes in the Maritime Region. Maritime Region kolkhozes sell sea hedgehog roe to the Japanese—up to 8 tons a year, destroying entire populations. There is also something to make a profit from in less exotic krays: cooperative members from the village of Severskaya in Krasnodar Kray obligated themselves to send 12 tons of frogs abroad.

The Soviet-Dutch association Sizif was caught red-handed when it tried to ship out 24 carloads (30 tons each) of valuable soil—chernozem stripped from the

Orel region. In exchange Sizif wanted to obtain Phillips radio equipment. These poor excuses for entrepreneurs (like the native rulers who exchanged land for the glass beads they were given) have no idea of real benefit nor of morals.

Too little honesty, competence, and breadth of thinking is the most general reason for the sell-off of our native land. But why is such a thing possible at all? The point is that nature is not protected by our laws. There is still no law on nature conservation and there are fundamental flaws in the Law on Property. It hands over management of the plant and animal world (Section 4, State Property) to Union and autonomous republics, oblasts, and okrugs with an extremely vague indication of the need to observe national interests. Moreover, USSR Council of Ministers Decree No 203 of 7 March 1989 assigns the licensing of exports of natural objects to the governments of the Union republics. And they in turn hand this function over to the ministry of health, the main hunting administration, and other organizations involved in exploiting natural wealth. Precisely to those organizations rather than to nature conservation organs.

A special legislative act is needed to prohibit "the wolf from guarding the sheep," taking away the right to issue licenses from those who process natural resources.

Special decrees of the USSR government and the governments of the Union republics must also be adopted to make a state ecological review by experts obligatory for any projects, agreements, and other types of activity involving the use of nature and to define responsibility for avoiding this expert review. This must be done immediately. We sent a corresponding proposal to the RSFSR Supreme Soviet, but it still remains unanswered.

Finally, the effectiveness of the law on nature conservation which is now being prepared must be insured. This law should determine the particular jurisdictions of the USSR president (in case of an ecological catastrophe) and the jurisdictions of the Union, republic, and local organs of power in the cause of nature conservation. The procedure for conducting state ecological reviews by experts and for licensing should be put in order.

Ownership of natural resources is a very important issue. The status of resources must be established—international, Union, republic, or local—with the right to dispose of them dependent on that.

The legislative acts adopted recently strengthen the economic independence of regions. But they disregard the need to centralize nature conservation activities. Nature is a whole, it knows no administrative borders. Hundreds of species of animals roam from one republic to another and cross the borders of our country. A biological species is a complex and integrated system. It must be safeguarded as something whole rather than breaking it up into pieces depending on where and in what republic the species is now located. It is not for nothing that migrating birds have been taken under international

protection. Special agreements have been concluded to do this. They must be supplemented by interrepublican treaties.

Only such a system of treaties and the corresponding legislative acts will confirm a relationship to nature as the property of all humankind. Without that, effective conservation of nature is impossible.

Factory Workers Oppose Joint Venture With U.S.

*90UF0393A Moscow RABOCHAYA TRIBUNA
in Russian 28 July 90 p 3*

[Article by Staff Correspondent N. Belov: "Perfumery Conflict"]

[Text] What's more important: the opinion of a dozen workers who lack the ability and the desire to retrain and work on more modern equipment, or the interests of the entire collective, which is attempting to achieve a marked improvement in output quality with the help of foreign partners?

Two years ago a group of U.S. businessmen formed a trade consortium to set up a number of joint enterprises in the USSR. They gave it the sonorous title of "American Trade Consortium." The Soviet enterprises that were involved also joined together in a consortium—albeit without using the term. And they concluded a trade agreement with the Americans. It was approved in the USSR Council of Ministers and signed by N. I. Ryzhkov. But a short time later a letter personally addressed to the chairman, arrived from Kharkov's Effect plant, which produces perfumes and cosmetics and, under the consortium's plan, was to organize the production of high-quality toothpaste. A group of workers at the plant's cosmetics shop—the plant's leading shop—protested against the formation of a joint enterprise at their plant and maintained that the management had succumbed to the capitalists' influence and wanted to close down the profitable production facility and put them all at the mercy of foreign capital.

A similar complaint by the shop's workers went to the oblast party committee. The people who checked on the complaint dubbed the case the "perfumery" conflict. USSR People's Deputy L. Sukhov didn't escape the "perfumery" passions either. At a meeting with him, L. Tomilina, the head of the cosmetics shop, simply announced:

"Our support for you as a deputy is contingent on the solution of this problem."

In other words, if you rid U.S. of the "foreign aggression," we'll be for you, but if you don't, you'll have only yourself to blame.

First, a look at what the creation, within the framework of the consortium, of a joint enterprise in Kharkov promises (or promised). The consortium is a device, of sorts, for converting rubles to other currencies. The mechanism is simple: The Chevron Corporation creates

an enterprise in the USSR to extract "worthless" oil in places where we ourselves are not able to extract it—at great depths and in rocky areas. This oil is to turn rubles into dollars. That is a currency, of course, that one can use to buy goods that can be utilized or eaten. The deal also stipulates that a number of firms are to set up enterprises in the USSR to produce goods in critically short supply and sell them for rubles. One of the members of the consortium—the major American producer of medicines and children's toiletries, Johnson & Johnson—chose Kharkov's perfumery and cosmetics plant for this role. And they stipulated high-quality toothpaste as the output. And pending completion of a special building, they decided to reconstruct the space currently occupied by the cosmetics shop.

"The toothpaste production could be the beginning of long-term cooperation," says T. Nazarova, the chief cosmetologist, who has visited the company's European subsidiaries. "And we would like to finally work in normal conditions, at a normal enterprise."

In the cosmetics shop, the people didn't choose to work in normal conditions, at a normal enterprise. And they stated their arguments. First, state interests: They maintained that the shutdown for reconstruction would halt production of 65 million packages of toothpaste and creams that are in short supply for the consumer to begin with. The economic argument: Why eliminate a profitable production operation? And finally, the last (and, as it turned out, most important) argument: What would become of the workers?

It seems the administration thought of everything. During the reconstruction period, the Americans would supply their own toothpaste to the Soviet market. As for the profits, they were simply based on the ubiquitous shortages. As soon as imported toothpaste hit the stores, the trade network would cut back sharply on purchases of the local product. And thought had been given to the workers' futures: Some would return to work at the new production facility, others would transfer to related shops. The plant's director, S. Sushko, did not hide the fact that no other work would be found for 10 to 15 of the 120 employees.

The fear of landing in that unfortunate group was the psychological determinant behind the behavior of the group of workers headed by shop superintendent L. Tomilina. Letters and complaints were fired off, a search for allies got under way, and incredible arguments arose.

I spent a long time walking around the plant's main building, trying to understand what the cosmetics shop's workers are defending and what they're after. There are mountains of unutilized equipment everywhere. On the floor there are rivulets of oils and other raw materials that are obviously costly. The users of the Kharkov cosmetics and perfumeries simply can't imagine the filth and chaos in which those most refined and delicate products come into being. The labor is basically manual, and productivity is low.

I found the women who work in the cosmetics shop seated around a large table set with a variety of food dishes. It was lunch break, and peace and quiet reigned at the table. No one was put off by my question as to why they are against modern, automated production.

"We know how the Americans exploit people! You won't have a moment to sit down the entire shift. Even for 500 rubles a month we're not having any!"

The promised wage in the future shop is indeed to be 500 rubles and more. But can money really win over people who are accustomed to taking their time, who come to work, put in their shift and collect a small, guaranteed wage—but one that can be somewhat augmented.

At that point in the conversation, I was generally asked to turn off my recorder, whereupon everyone from the director to the average worker would level with me about how the plant's products are in short supply. That means two or three tubes of ginseng cream, when pilfered and taken home, will offset any loafing and any low wages.

Fortunately, not everyone in the shop is against cooperation with the foreign firm. The girls from the hot-processing shop, where new Italian equipment has been installed, are for the joint enterprise. Technologist N. Tarasenko and machine-operator L. Lyashko explained their "dissenting opinion" this way:

"We worked on antediluvian equipment and put up with the difficulties. Now we know that the real work is where the automation and electronics are. And a decent and honest day's pay doesn't hurt."

Kharkov's not the only place where joint enterprises have fallen on hard times. Permission to set them up was granted in January 1987. At first, they began springing up like mushrooms after a rain. Then they flagged and faded without getting beyond the formal-agreement stage. One reason was psychological. It turned out that joint enterprises with highly productive foreign equipment don't strike root in Soviet soil. Workers have difficulty adapting to the new production facility and have to learn how to work intensively. And that isn't to everyone's liking. Even Luddite sentiments show up: People break the equipment and the automation.

Things haven't reached that point at the perfumery and cosmetics plant because the joint enterprise has yet to be created. There is a letter of intent, there have been exchanges of visits, and there is even a feasibility study. But the main thing is still lacking: final agreement by the American firm. Formerly, there were at least occasional phone calls; now the phone has fallen completely silent. One can only guess at the reasons. Perhaps the overseas partners are put off by the economic and political instability in the country. And perhaps they heard about the "perfumery" conflict in Kharkov and found themselves a different partner.

"A tempest in a teapot," is plant director Sushko's comment on the workers' protest. "The Americans are

saying nothing, but we can't wait any longer and we're concluding contracts with the trade network for the year 1991. So the idea of a joint enterprise has been put off for another year."

But it would be preferable that the Soviet-American consortium's projects not remain on paper. Even if they're not to the liking of workers and their supervisors, who prefer working in the old way.

Deputy Minister on Results of International Health Exhibition

90UF0369A Moscow *IZVESTIYA* in Russian 11 Jul 90 Morning Edition p 3

[Interview with V. Gromyko, USSR deputy minister of health by M. Lyange, date and place not specified: "Purchases for Medical Care"; first paragraph is source introduction]

[Text] The USSR Ministry of Health has summed up the results of the fourth international exhibition entitled "Health Care-90." Contracts worth 114 million rubles were concluded. Of that amount our intended purchases accounted for 113.9 million rubles, while our sales amounted to only 80,000 rubles... The difference is gigantic. We asked USSR Deputy Health Minister V. Gromyko to comment on these figures.

[Gromyko] There were many, many proposals to buy licenses from us. But, firstly, with the colossal shortage of medical equipment in our country, it would be strange to be selling things abroad. Secondly, many enterprises and institutions are prepared to give away everything, in exchange for a pittance, just to get dollars. For this reason the Ministry of Health, in the interests of the people, did not give permission to sell licenses for that equipment which is in short supply in our country.

[*IZVESTIYA*] Compared to the exhibits from other countries, the Soviet pavilion looked modest. However, we do have some medical equipment of our own in which we can take pride?

[Gromyko] Yes, it is true, we do have some. For example, our laser equipment is fully able to compete. Especially the ULF-1 laser apparatus for physiotherapy put out by the Dyatovo Electro-vacuum Instruments Plant. The range of application for this equipment is enormous—from stomatology to oncology. The LIKS, KARBONIKS, BAKS and BIONICS cardiac valves produced by the Kirovo-Chepetsk Chemical Combine even exceed world models. Incidentally, the exhibition showed once again that our country has many original models of medical equipment, but alas, only one example of each. And we were hoping to draw the attention of those enterprises which have been affected by conversion to the output of this equipment in particular.

[*IZVESTIYA*] And how did our producers respond?

[Gromyko] Unfortunately, not many did. For the most part the specialists were attempting to acquire equipment for their plant medical facilities, and not to produce it. But there were also successes. Beginning next year an enterprise of the USSR Minelektrotekhprom [Ministry of the Electrical Equipment Industry] will begin to produce magnetic resonance tomographs called "Obraz-1," one of the most up-to-date medical instruments. There was success in "placing" many other pieces of equipment; however, we were not satisfied with the level of activity by enterprises.

[IZVESTIYA] Was there any sense, then, in limiting foreign companies? Would it not have been more advantageous to sell them our ideas?

[Gromyko] Where it was mutually advantageous, we gave firms every opportunity. The Americans, for example, intend to use Soviet technology to develop mass production in their country of a whole group of our unique instruments for suturing internal organs, which were developed by the Ekran Scientific Production Association. With England we are setting up production—using our designs—of operating tables and birthing chairs. The main point in all these agreements is that part of the output will come to the Soviet Union. In general, we are interested in creating joint enterprises; this will enable us to introduce new technologies into our country rapidly.

[IZVESTIYA] For many years the Ministry of Health had difficulties with financing new developments. How do matters stand now?

[Gromyko] Neither last year nor this year did the USSR Ministry of Finance or the State Committee on Science and Technology fulfill the government decree to allot the necessary resources for planning and introducing new medical equipment. They provided less than a third of the necessary amount! And the extent of the money determines the extent of the opportunities. It turns out that we will be able to provide the planning institutions and production capacities freed up as result of conversion with orders only to a partial extent. When will people in our country understand that health is more important than fashionable clothing?

[IZVESTIYA] The exhibition has shown that foreign companies aspire to our market, although the USSR Vneshekonombank [Bank for Foreign Economic Ties] is not paying even what is owed under previously concluded agreements...

[Gromyko] Clearly, they calculate that our country will soon emerge from its economic crisis. It is true that the managers of some foreign firms are wary; the French, for example, reduced the number of contracts they were signing. For now we are forced to buy a majority of our equipment abroad, a situation which is fraught with serious consequences for our health care. That is why the USSR Ministry of Health has once again requested that the government find a way out of the situation immediately—the sick cannot wait.

**Romanian Right-Wing Revanchism,
Anti-Sovietism Assailed**

90P50061 Moscow KRSNAYA ZVEZDA in Russian
20 Aug 90 First Edition p 5

[Article by Lt Col N. Monin: "What is Romania's Right Wing Achieving?"]

[Text] In May of this year the Romanian Front for National Salvation won a convincing victory in the presidential elections. Having received a mandate of national trust, the new leadership began working on a program for the country's economic and social restructuring. This clearly did not suit the right-wing opposition, which had counted on installing one of its own leaders in the post of president. Having unleashed a broad anti-communist campaign, they turned their efforts toward destabilizing the situation in the country.

Recently, attempts by the right-wing forces to create tensions in Romania's relations with neighboring countries, including the Soviet Union, have been noted. They are cultivating anti-Soviet feelings, beginning to make territorial claims against our country, and persistently demanding that official powers do so.

The National-Peasant Christian-Democratic Party [NPCDP] of Romania is particularly active in this. In the beginning of this year it openly demanded the return to Romania of Bessarabia (territory of the Moldavian SSR between the Prut and Dnestr rivers) as well as Northern Bukovina. In Bucharest a cultural association called "For Bessarabia and Bukovina" has been officially registered. It aims to encourage research on "reestablishing the historic rights of the lands between the Prut and Dnestr."

Through the newspapers DREPTATEA, FLAKARA, and LIBERTATEA the leaders of the NPCDP and other right-wing forces make it understood that during the current autumn session they intend to raise the issue of "the Soviet Union's illegal occupation of the Romanian islands of Zmeina in the Black Sea" for discussion by the highest legislative organ. The right-wing forces want parliament to present official claims on these islands to the Soviet Union.

The anti-Soviet forces in Romania also lack objectivity in their interpretation of important historical events. For example, they claim that, on the eve of World War II, Romania played the role of "victim," which found itself between "the hammer and the anvil," i.e. Hitlerite German and Stalinist Soviet Union. Romania's entrance into the war on the side of Germany is presented as a necessary step which is justified as "the natural desire for liberation from occupation of the Romanian lands since time immemorial—Bessarabia and Northern Bukovina."

There are deeds as well as words. One June night in Bucharest someone defiled the monument to the Soviet soldiers who died in the battles to liberate Romania from fascism. These actions coincide with the 50th anniversary of the return of Bessarabia and Northern Bukovina to the Soviet Union. The desecration of the monument

was condemned by many of the Romanian capital's residents, who believe that the memory of the Soviet soldiers is sacred.

The right-wing forces in Romania view the Soviet Union as some kind of "dictator," who supposedly wants to keep Romania in its sphere of influence and maintain some disguised form of Communism there. They base this premise on the idea that the leadership and special services of the USSR participated in the events of December 1989.

It is completely obvious that such assertions are clearly contradicted by common sense. It is no accident that the majority of Romanians do not support these assertions. But one thing is not clear. Whose interests are served by this policy?

Hungarian Foreign Ministry Official On Policy Changes

90UF0413A Kishinev MOLODEZH MOLDAVII
in Russian 12 Jul 90 p 6

[Interview with Andras Hajdu, Chief of the Republic of Hungary Ministry of Foreign Affairs Main Planning Directorate, by APN Correspondent Aleksandr Kuranov: "We Don't Believe NATO Poses A Danger"]

[Text] **Andras Hajdu, Chief of the Republic of Hungary Ministry of Foreign Affairs Main Planning Directorate, spoke about new aspects of the present Hungarian leadership's foreign policy in a conversation with APN correspondent Aleksandr Kuranov.**

[Kuranov] How thorough a renewal will Hungary's foreign policy undergo under the new governmental cabinet?

[Hajdu] In the past few years, Hungarian foreign policy has been marked by ever-increasing independence and lessened commitment to uniform actions with the other East European countries that used to be known as socialist. Naturally, following the recent elections to parliament and the de facto change in the country's political system, new aspects have emerged in its foreign policy. However, I want to stress that this is a question of changes in individual emphases—and by no means one of fundamental transformations.

This hardly means that we are renouncing our previous mutually useful ties. In particular, our country will strive for correct and equitable relations with the Soviet Union, the kind of relations neighbors should have. In the past, as we recall, these relations were marked by all sorts of things, both good and bad. We will safeguard traditions of good-neighboringness in particular, and by no means slide into a policy of anti-Sovietism.

And our present aspiration to alter Hungary's role in the Warsaw Treaty Organization should by no means be viewed as directed against the USSR. It is a natural result of our study of the republic's foreign policy situation.

Hungary joined the Warsaw Treaty Organization at a time when it sensed that the Western alliance posed a certain threat to it. Today the situation has changed completely. We now believe that NATO poses absolutely no threat. And we have no interest in belonging to an organization that is opposed to someone.

[Kuranov] Jozsef Antall, the new leader of the Hungarian government, once said that he considers himself the prime minister of 15 million Hungarians, which is to say that he included in that figure the 5 million Hungarians living outside their country. Could you elaborate on this view of his?

[Hajdu] It is difficult for me to elaborate on other people's thoughts, and I can only surmise what the prime minister meant by that statement. We believe that the Hungarian nation comprises not just the 10 million people who live within their country, but also the Hungarians who belong to national minorities in neighboring countries and who reach out for their mother—the motherland—by all kindred and cultural bonds.

You no doubt know that in some countries, Hungarians live under difficult conditions and have difficulties developing their native culture and receiving an education in their native language. We will strive to improve their lives by every available means.

[Kuranov] What do you mean by "every available means"?

[Hajdu] We will provide moral support to Hungarians living in other countries. If necessary, we will raise questions about their life and about their difficulties at international forums, in particular human rights forums. In short, we will constantly keep our compatriots abroad in mind and provide support to them.

Needless to say, this hardly signifies any aspiration on our part to revise existing borders. We consider the decisions adopted on this question at the Helsinki Conference on Security and Cooperation to be immutable.

[Kuranov] What is your view, can Hungary facilitate an acceleration of the processes of all-European rapprochement? Is there such a desire on the part of your government and foreign policy department?

[Hajdu] Hungary is a small country, burdened, moreover, by its own problems today. For this reason, we are doubtless not in a position to in any way speed all-European movement toward the building of a common home...

SFRY Deputy Premier on Economic Ties with USSR
90UF0383A Moscow PRAVDA in Russian 26 Jul 90
Second Edition p 6

[Article by Aleksandar Mitrovic, deputy chairman of the Federal Executive Council (of the Government) of the SFRY, under the rubric "On the Meridians of Cooperation"; "Soviet-Yugoslav Economic Ties: Mutual Benefit and Mutual Problems"]

[Text] Economic ties between Yugoslavia and the Soviet Union are constructed on a broad basis. Above all there is trade, cooperation in the areas of the agroindustrial complex; cooperatives and specialization; transport; and credit and finance relations. How can these ties be described? Above all stability and endurance, and equality and mutual benefit. The USSR accounts for more than one-fourth of all Yugoslav trade. Our country also occupies a significant place in USSR foreign trade ties.

Economic cooperation used to be marked by periods of dynamic development, especially in 1981-1985. However, in recent years a decline in the cost-based volume of Soviet exports to Yugoslavia has been noted, and in turn that has led to disruption of the trade balance. In 1986 stagnation and even a decline in the level of total foreign trade began.

In 1988 because of the great efforts of both sides, foreign trade cooperation reached 5.7 billion dollars, which still does not meet the level envisioned by the joint treaty.

Of course, falling prices for oil had an influence here. The Soviet side could not satisfy Yugoslavia's growing need for certain types of raw material goods. In addition, investment activity declined in our country and unprofitable and planned-loss enterprises could not supply more to the Soviet consumer market. One thing led to another and as a result foreign trade turnover declined.

By late 1988 Yugoslavia's positive balance in accounts with the Soviet Union exceeded 2 billion dollars. And that was the major obstacle in economic relations between our two countries. Developing them on such a basis is difficult. This imbalance had a negative effect on the formation of the monetary mass on the Yugoslav market. The balance not covered by the Soviet Union is a problem for Yugoslavia, especially now when enormous efforts are being made to carry out the many goals of economic reform and economic policy as a whole.

How can these problems be resolved? In late 1988-early 1989 the Soviet Union's debt to Yugoslavia declined by virtue of the fact that part of it, 555 million dollars, was converted into a loan offered to the Soviet Union at a suitable interest rate. The imbalance was reduced to about 1.2 billion dollars. But later, despite the efforts of both sides, it again rose, and to a total of approximately 1.6 billion dollars.

This caused additional difficulties in implementing the planned foreign trade volume. Therefore, both sides took special measures to coordinate mutual deliveries and other forms of cooperation. The intergovernmental Soviet-Yugoslav Committee on Economic and Scientific-Technical Cooperation plays an exceptionally important role in these conditions. Along with the corresponding subcommittees and working groups, it is making special efforts to overcome the present problems and formulate optimal decisions which will lay the foundation for future cooperation.

The protocol on commodity turnover between our two countries signed in 1989 envisioned that the total volume of commodity turnover with the Soviet Union last year should have reached approximately 6.5 billion dollars. We managed to reach that: last year the total commodity turnover amounted to 6.4 billion dollars.

When we speak of Yugoslav imports, the problem involving the number of commodities envisioned in the protocol comes up. For the most part they are raw materials—coke, nickel, aluminum, and scrap metal. There are also problems when import deliveries of machines and equipment are being planned. The main reason for those problems is that the whole cycle of production needed for such imports from the Soviet Union is still only on paper. Moreover, when we speak of imports from the USSR, there are technical restrictions on imports which demand quantities of gas and electricity.

As for Yugoslav exports, certain problems exist here as well. They involve disruption of schedules for deliveries of aluminum oxide as a result of higher prices for this raw material on the world market. There are also questions involving concluding contracts for delivering machines and equipment to the Soviet Union because of difficulties with receiving permission to import.

In the five-year period, the problem of the imbalance in foreign trade relations between Yugoslavia and the Soviet Union has been repeatedly reviewed at different levels. Certain documents were signed. In order to settle this problem, Yugoslavia made the following proposals, among others.

Additional deliveries of goods from the Soviet Union: import of goods through third-party markets from among those countries which are in debt to the USSR; redemption in hard currency of part of the Yugoslav foreign debt by the Soviet side; use of part of the balance as joint capital investments for building certain projects in the USSR and Yugoslavia; construction of a gas pipeline and other major objects in the SFRY against a reduction in your debt.

In the protocol on commodity turnover for this year, 1990, both sides showed interest in preventing a further decline in the level of trade. Moreover, they are obliged to encourage its continued growth in accordance with the real needs and potentials of the two countries. The Yugoslav side expects that the Soviet partners will be most understanding of our problems involving a shortage of energy and certain raw material goods.

The SFRY economy is very interested in increasing exports to the USSR, especially machine-building output. Indeed, some of our enterprises are building their own production program in accordance with the demands of the Soviet market.

Both sides are interested in long-term multilateral cooperation, especially in developing contemporary forms of this cooperation: above all joint capital investments, founding of mixed enterprises, participation in projects

with third-party countries, industrial cooperatives and specialization, and cooperation in the spheres of finance and technical and business consultations must be included in these forms.

Our two countries' potential for economic cooperation is not being sufficiently utilized, above all when the topic is the sphere of new forms which at the present time account for only 5 percent. In the next five-year period, we must devote much more attention to ties in the areas of production of foodstuffs and consumer goods, electronics, and automation.

And here is the last thing I would like to say. Bearing in mind the fact that Yugoslavia and the Soviet Union are interested in long-term multilateral cooperation, we must refine the system of our mutual accounts.

The first steps in this direction have just been taken. The Soviet side signed an agreement in Belgrade involving a change in accounts for certain payments: starting 1 August they will be carried out in freely convertible currency. A protocol was also signed in which the parties agreed on the schedule and ways to pay off the debt.

Use of 'Clearing Dollars' in Yugoslav-Soviet Account Payments

90UF0397A Moscow *IZVESTIYA* in Russian 29 Jul 90 Morning Edition p 5

[Article by Ye. Vosstrukhov: "Under the Press of No Money: Starting 1 August Business Trips to Yugoslavia Must Be Paid For Using Convertible Currency Only"]

[Text] The so-called clearing dollar has been the main payment medium in Soviet and Yugoslav economic relations in recent years. This provisional "nongreen" dollar of the bank of the SFRY [Socialist Federal Republic of Yugoslavia] has been used to pay checks and credit letters offered to Soviet citizens at the official rate of exchange. By mutual agreement between our countries, it has been decided to change to accounts in convertible currency this year. This decision was discussed in detail in principle, and experts of the two countries were given the assignment of preparing the appropriate agreement.

However, at the start of this year the clearing dollar was already being attacked—in January the Yugoslav government lowered the value of clearing checks by 60 percent, and in the spring—by a full 90 percent. Now all Soviet citizens on business trips receive only 1 dinar in exchange for each 10 dinars they have.

I have already had occasion to write in *IZVESTIYA* of the impoverished status in which many Soviet businessmen and tourists have found themselves in Yugoslavia. They have nothing to use to pay for hotels, nothing to rely on to pay for even modest meals, and must save money on public transport and other expenses. But, to be honest, I never thought that I myself would be in the humiliating situation: I have run out of

money. I have nothing to use to pay for leasing the space for the correspondent's office in Belgrade or to make the monthly payments for using the telephone and electricity. And here customs are stricter than in our country: if you do not pay for electricity on time, the supply to the building or apartment is cut off without warning. I have stopped using the official car—there is no money to fuel it with gas, which is very expensive here.

But why does the IZVESTIYA office here suddenly have no capital to run on? No, the editorial office is not to blame in this situation which its own correspondent is in: the IZVESTIYA accounting office sent the money due the office for three quarters at the proper time. But that money did not make it to Belgrade: for some reason it got hung up at the USSR Vneshekonombank. Let me add that the IZVESTIYA office in Belgrade is not the only collective whose money has been "blockaded" in Moscow. Many Soviet offices in the SFRY are in the same disastrous position. Even the Soviet trade office in Belgrade is now hesitating about how to pay for leasing space.

After analyzing our own hapless situation, we were on the point of thinking that the Vneshekonombank had apparently decided to earn real, green dollars from our lack of money. The bank is waiting for the new system of accounts between the USSR and the SFRY to come, and then instead of clearing dollars it will receive full-value American dollars from the appropriate organizations, including from IZVESTIYA. But it seems a mistake was made. We just received the news that the "money has already been sent," and the delay with the transfer was merely the result of "technical circumstances."

But what is the real reason which created this extraordinary situation in which employees of Soviet institutions located in the SFRY have found themselves? What is the cause of all this?

First of all I want to mention that Yugoslavia, as was already reported, is the first of the East European countries where the USSR is switching to accounts in freely convertible currency. The representatives of the governments of both states signed the protocol on this in Belgrade in early July. Starting 1 August of this year, both parties will pay for all so-called nontrade operations carried out between our countries, transport, tourist, and service operations and other services, for example, in convertible hard currency rather than in provisional clearing currency. Starting 1 January next year all trade between our countries will change to such accounts, as per the intergovernmental agreement.

Although the SFRY has never been an official member of CEMA, the many years of cooperation with the countries which belong to it, with the USSR above all, have made their mark on Yugoslavia's economy. People used to believe that Yugoslavia, which did not belong to any political blocs, was a unique bridge in economic cooperation between the East and the West.

Our specific alliance of state monopolies which was created to provide material supplies to ideological priorities in East Europe was designed for goods sold not in convertible currency but in provisional currency—transfer rubles (and in accounts with Yugoslavia—clearing dollars). And this artificial, nonexistent monetary unit which was devised for accounts within the socialist camp was not in line and could not be in line with natural world prices or the real value of output sold and service technology. According to estimates by Western specialists in the know, the USSR lost 12-16 billion dollars on this every year. The clearing trade brought the Soviet economy to the time of the "antediluvian" market. You give me this, and I'll give you that in exchange. You get an atomic reactor, for example, and I get razor blades in exchange. You get an airplane, and in exchange I get cloth umbrellas.

For decades the Soviet Union recklessly subsidized its allies in the bloc "just so," and was even proud of this wastefulness: we are fulfilling our international duty, it was said. It was not the custom to figure out what the "inviolable friendship" cost our budget. Strictly speaking, there was nothing to figure: the appropriate papers were moved from one file to another.

The whole world knows that in normal conditions of a normal market, the oil-producing countries get rich from selling "black gold." Changing prices for oil is an ordinary phenomenon and no obstacle to trade. But in selling our oil off right and left, we managed to become hostages and debtors to it. We have even incurred debts of more than 2 billion dollars to Yugoslavia in recent years. Not American dollars, of course, but those same accounts, clearing dollars. The two sides have discussed the problem of how a "large" country should settle accounts with a "small" one many times. For the time being the imbalance hangs over our partner relations like the sword of Damocles. We are grateful to the Yugoslavs—they are patient partners and understand everything, but the red tape involved in paying off the clearing debt when we change to accounts in convertible currency cannot last forever!

Specialists now assert that if the parties had used real money to settle accounts with one another, most likely such an enormous and humiliating debt would not have developed. In the Soviet economy, as in foreign trade, planned production estimates used to be set arbitrarily based on the level achieved: compulsory growth in commodity turnover was planned no matter what. And the provisional ruble and the clearing dollar, these nonexistent currencies, served the inflated plans "for growth" better than ever. Gosplan and the participating departments demanded: "Provide a positive balance of commodity turnover for us." And the foreign trade office, wiser from experience, obediently "provided."

It seems that even our free and easy treatment of obligations, contracts, and agreements concluded is the result of... clearing. All accounts and sums in them are by clearing, in noncash currency. It turns out it is very easy

to promise and offer what the enterprise, association, or ministry does not have, and questions are easily avoided. I already wrote of the unfortunate fate of the storage battery plant in the Yugoslav city of Srebrenica. ("The Treaty Was Turned Over to... the Archives," *IZVESTIYA*, No 59, 1990). This enterprise was built on our long-term loan, and the Yugoslav side was supposed to use the storage batteries to settle accounts with us. That is why the general contract emphasized: the USSR will take all of the plant's output for at least 10 years in order to pay off the loan. The contract was signed, the agreement went into effect, and we refused to accept the batteries. That is, we are only taking a little at a time—despite the contract, as if we do not need the batteries we ordered or the money from the loan.

Obligations based on clearing have also proved to be a sham, not mandatory. The absolute indifference of the departments to that article was amazing. Good luck on those unpaid loans. I wrote with the hope that those departments guilty of sabotaging the contract would give the plant's collective help, if only for humane considerations. It is our fault that the enterprise is on the verge of bankruptcy and hundreds of its employees may end up out in the street. Not one of the departments mentioned in the article even answered the editorial. It is true that the newspaper received one official response—from the Soviet trade representative in Belgrade, I. Khramtsov. This is the essence of his wordy response: the correspondent states facts inaccurately and tendentiously, because he did not talk with the representative and his deputy. But not a word about fulfilling the contract or about what they all the same intended to do to help Srebrenica. Indeed, they do not intend to do anything!

They are sacrificing the interests of the work and the effectiveness of the loan so as not to "offend" higher-ranking bureaucrats. Incidentally, the tens of millions of dollars spent from the Soviet treasury to build the storage battery plant in Yugoslavia—who remembers them now? It is not clear if they took them or not. The clearing system is not tangible.

And there is one other thing. Clearing allowed our departments to send large teams "to study experience" and participate in a multitude of symposiums, conferences, and round tables on business trips abroad. They drank and ate and rented hotels not for hard currency, as is always the custom in the world, but for noncurrency Vneshekonombank checks. After exchanging them for dinars, they became owners of respectable sums. A half million (!) Soviet travelers visited the SFRY last year with the checks in their hands. And the Yugoslav government acted correctly when it took steps to limit its expenditures upon "approval" of the Soviet checks. The number of dinars received for these checks was ultimately reduced to one-tenth their former amount! Then ordinary Soviet tourists headed for the local markets to get dinars by trading the "assortment" of items they brought from home, while respectable guests of the Soviet trade office received the same dinars through the accounting office "by certification."

Clearing helped a multitude of permanent offices of Moscow ministries, associations, and departments make an inroad into Belgrade. To offer offices for them and spacious apartments for their family members and provide them with cars and the latest electronic equipment of "real business." If we are going to catch up with the West, then do it; how are we worse than Phillips? And that is in addition to the work and residential village which the Soviet office occupies in the center of Belgrade. Hardly anyone in our economical USSR Ministry of Finance calculated what the life and activities of the all the new and old offices would cost the state. But to be honest, we begrudge the money, even though it is clearing money: the invasion of bureaucratic trade intermediaries does not help the matter. Let us recall that the state debt is rising and our shortages in trade are too.

"You are right," believes S. Sitaryan, the deputy chairman of the USSR Council of Ministers, who signed the protocol on exchange of Soviet-Yugoslav payments in clearing dollars in Belgrade. "We do not intend to fetter the initiative of our entrepreneurs, but the question is now posed like this: if you want to have an office abroad, then pay for its upkeep in convertible currency from your own pocket.

"I would like to emphasize one other thing: starting 1 August, payment in hard currency of all accounts involving the upkeep of trade, production, transport, tourist, and other Soviet offices is being introduced. This is a very serious step. I do not think that the activities of many of them will continue without a hitch, so to speak, under the blue Belgrade skies. Some people," concluded S. Sitaryan, "will probably have to pack up their suitcases soon."

Trade accounts which starting 1 August move to payment in convertible currency meanwhile make up an impressive sum—up to 350 million dollars a year. That is not only the upkeep of trade, diplomatic, consular, and other offices but also the varied activities of tourist, transport, cultural, and certain other organizations and departments. And now the smooth-running and irreproachable internal system of financing in clearing accounts is being eliminated.

Alas, I am writing about this same thing for the umpteenth time: departments are not prepared to change to the new conditions of payment. But we know that the intergovernmental agreement on this was reached last year. And the schedule was given—starting 1 July 1990. Even now, during negotiations, the Yugoslav side has tried to help us and has delayed the introduction of the new system until 1 August.

What can be done in the situation which has developed? We must at least warn the managers of ministries and enterprises: comrades, you should know that starting 1 August only convertible currency can be used to pay for trips and business trips to the SFRY; all obligations for nontrade payments are to be paid in clearing dollars only until 1 September of this year. If you have an office in

Belgrade, think about whether you can maintain it on hard currency. If not, immediately decide the questions of its returning home. Do not count on the accounting department of the trade office anymore: consider the honor of your trademark and your representatives. Do not put your fellow countrymen who will have nothing to use to pay for even a hotel in a humiliating position.

Yugoslavia's New "Independent Political Association" Described

*90UF0371B Moscow SOVETSKAYA ROSSIYA
in Russian 22 Jul 90 Second Edition p 5*

[Interview with Nikola Radosevic, chairman of the Independent Political Association, by Novosti Press Agency correspondent Andrey Baturin, for SOVETSKAYA ROSSIYA, Belgrade, date not specified: "And No Anarchy: A Conversation with the Chairman of One of the Yugoslav Parties"; first two paragraphs are source introduction]

[Text] In the diverse political map of Yugoslavia there recently appeared another party—the Independent Political Association [IPA], which favors a "search for new paths in the development of the economy and culture."

The IPA intends to use political means to fight for the full independence of producers; for a unified market, unified tax and financial systems; and for Yugoslav membership in an integrated Europe. Structurally the IPA is divided into three wings: one of independent producers (which includes a significant number of private owners of small enterprises and companies; workers in the agricultural sector, and workers in culture and the arts, including people of independent professions. Judging by this membership, it can be said with confidence that in contrast to its political rivals, the new party will not experience a lack of resources. In addition, it was noted at the first party conference, which took place in late July in Belgrade, that as of now 270,000 people have joined the party in the republic of Serbia alone. For Yugoslavia this is a significant figure. The congress adopted a platform and charter for the new party; it also elected a chairman. He is the well-known Yugoslav photographer and cultural figure Nikola Radosevic, who agreed to give an interview.

[Baturin] Why did the idea of creating the IPA emerge? After all, today Yugoslavia is on the rise economically: the reform of Ante Markovic is working, the gallop of inflation has been virtually halted, and a convertible dinar has been introduced.

[Radosevic] It is not a matter of the economic reform that Markovic is carrying out successfully. It is something completely different here: no single reform, no matter how excellent it is, can satisfy the demands of all the strata of the population. In addition, there is still no guarantee that the new economic transformations will continue to be implemented. Why am I talking about this? The development of political events in Yugoslavia today has much in common with the situation in the

Soviet Union: nationality problems, heated discussions concerning the state system—federation or confederation, etc. Unfortunately, in my country the separatist tendencies are very strong. Only do understand me correctly. I am by no means against independence for the republics. On the contrary. But look at Western Europe: this is a world of integration, in which everything is tightly linked and everyone is acting jointly. In our country absolutely opposite processes are taking place. And I must state that Yugoslavia today is at risk. It may happen that at one "fine" moment Ante Markovic will have nowhere to carry out his progressive reform because Yugoslavia will have disintegrated into several separate states. I repeat that I am proceeding on the basis of the most negative prognoses. But they cannot be discounted. Looking at life through rose-colored glasses does, as history has shown, irreparable harm to society. Our party is prepared for any political surprises and events inasmuch as we stand for the producer; we defend material and spiritual values. Herein lies the reason for the creation of the IPA. We say welcome to those who agree with our concept, regardless of their political convictions.

[Baturin] What is the philosophy of the new party?

[Radosevic] It may sound somewhat strange but—above all—law and order, especially in the workplace. No anarchy. It is only politicians and speculators who live well under anarchy, not ordinary workers. We are a party of the producers but also of those who conscientiously pay taxes. We want to pay taxes; to whom, why and how much is another matter. If it is essential to build a school or pave a street, yes. But if the funds are going to those people who, under the guise of concern for the people, think above all about their own pockets and their own welfare, then categorically no. That is the first idea of the IPA. Second. All my life I felt myself to be a person standing on the station platform waiting for the train—the train of my desires, which did not come. For this reason I do not want young people of today to have this kind of perspective. It is essential for society to give all who want it the chance to work, without asking them what their faith, nationality or party affiliation is. This means an approach which is economic and not political. And, finally, the third idea of the IPA. We want Yugoslavia to be a full member of an integrated Europe.

[Baturin] Does the IPA have an anti-bureaucratic platform?

[Radosevic] Yes, this kind of platform has been worked out. However, I would not use the word "anti-bureaucratic"; the state simply cannot exist without administrators, that is, without bureaucrats. They are absolutely essential. The discussion must be about what constitutes a reasonable number of them and how effective their work is.

[Baturin] And the last question, which is purely personal in nature. Why have you, a well-known cultural figure, a

photographer, decided to go into politics? Why have you agreed to become chairman of the IPA?

[Radosevic] I was a movie director but I was "banned" by a decree from above. I was banned as a creative personality. This took place quite a long time ago, in 1957. I did a film, "An Atomic Tale." It is about a simple, "little" person whom no one needs; he is driven out of everywhere. The film was never issued; it is probably gathering dust to this day in some storage area. At that time I came to understand a very simple truth; if they ban me, then I must be defended. And that is what I am doing.

Yugoslavia Rejecting Idealized View of Tito

90UF0371A Moscow *PRAVDA* in Russian 23 Jul 90
Second Edition p 4

[Article by Ye. Fadeyev: "The Second Death of Tito?"; first paragraph is source introduction]

[Text] Belgrade, 22 July. (PRAVDA's own correspondent). Yugoslavia is seeing a widening of the campaign to return to streets, squares and cities their former names. For example, the Slovenian city of Titovo-Velene, which was so named in 1961, will be called simply Velene from now on.

With each passing day it is increasingly clear that in Yugoslavia the moral ban on discussing the life and work of J. Broz Tito is being lifted. Moreover, one hears with increasing frequency voices which criticize his actions in the area of human rights and political freedoms. This conclusion can also be drawn on the basis of a survey conducted recently by the Zagreb magazine DANAS concerning Tito's role in the country's history. Many of those who took part in it consider the former Yugoslav leader to have been an authoritarian personality. Many of those questioned reproach him for the extreme luxury of his life.

The maintenance of Tito's memorial center in the capital and of his numerous museums and villas in many corners of the country is becoming a subject of discussion in Yugoslav newspapers and magazines. For example, VECHERNE NOVOSTI asks the question: are the memories of the marshal not costing the people too much? After all, the upkeep of all the historical places costs the state treasury more than 3 million new dinars. Today not a single republic wants to take on the financial burden of maintaining Tito's houses in his birthplace at Kumrovec, in the center of Belgrade and on several islands.

POLITIKA also raises this problem in a letter from one of its readers. It would make more sense, according to the letter, to remove the remains of J. Broz Tito from the memorial center where they are located to a Belgrade cemetery where many Yugoslav revolutionaries are buried; to make other use of the center's grounds, which take up an area of 18 hectares; and to put the income obtained from the operation of the buildings into a fund for the development of Belgrade.

Again and again it is being asked in newspapers and magazines whether the memorial complex in the capital is not too grand; it is visited on a daily basis by citizens numbering in the dozens, but it employs 146 people. In short, local observers are coming to the conclusion that everything is leading to the point at which the law which exists in Yugoslavia concerning the protection of the name and deeds of J. Broz Tito will be repealed.

And now the residents of the city of Velene are also asking about dismantling the monument to Tito, located in the center of the city, which is the work of the famous Yugoslav sculptor A. Avgustinchich.

Czechoslovak Gypsies Face Political, Social Problems

90UF0375A Moscow *TRUD* in Russian 22 Jul 90 p 2

[Article by N. Shevtsov, Prague: "Gypsy Luck: Is it Easy to Acquire in Czechoslovakia?"]

[Text] No, they do not look at all like the migrating "noisy crowd" of gypsies of past years. Many of the people living in Czechoslovakia are of gypsy nationality, or Rom, as they usually call themselves and have been living a settled city life for many years, have permanent jobs and wear modern clothing. During the time that I have worked in this country I have hardly ever seen a gypsy in the traditional long skirt with its flaps. Perhaps the dark faces and hair that is black as pitch singles them out among other residents. It is no accident that those who come to Czechoslovakia for the first time often mistake gypsies for tourists from India. This is a fully explainable error if we remember that today's gypsies are the descendants of those who moved from the Indian peninsula to the European continent at the end of the first century A.D.

Today over 400,000 gypsies live in little Czechoslovakia with its fewer than 16 million inhabitants. According to the pace of growth the gypsy population is increasing at a much more rapid rate than those of other nationalities. Judging by predictions, by the end of the century the gypsy population should reach 550,000-600,000, and by 2020—a million, i.e. every twentieth citizen of the country will be a gypsy. Among the European countries Czechoslovakia is third in gypsy population after the Soviet Union and Romania. The majority of the gypsy population is concentrated in Slovakia, or more precisely on the territory that adjoins the Soviet border, in Vostochnoslovatskaya Oblast. In the Czech republic there are especially many of them in the northern regions, in the former Sudetskaya Oblast, where gypsies began to settle during the post-war years after 3.5 million Germans were removed from here.

It is the northern Czech republic that in recent months has become the arena for racist, anti-gypsy demonstrations, the initiators and main participants of which were local gentlemen and "skinheads." In a number of northern Czech cities dozens of gypsies suffered as a result of fights set up by racists. The mining town of

Most was almost in a state of siege. Parents could not bring themselves to send their children to school. Even adults did not dare to go to work. In Ust-na-Labe gypsies stopped using public transportation as a result of the threats of hooligans.

I arrived in the northern Czech city of Novyy Bor early in the morning. This city is known throughout Czechoslovakia for its wonderful colored glass articles which are produced by the local factory. However, in recent weeks it has acquired another unfortunate fame as the city of conflicts between racists and gypsies. Confrontations took place not far from houses where most of the gypsy population resides. These houses, most of which have two stories, were built by the Germans before the war. Leaning and with unplastered walls, all of these houses have long required either capital repairs or razing.

"But alas," says the director of the local division of the recently-formed party, Rom Citizen's Initiative, Shtern Gorol, "gypsy housing has been given last priority for many years. This is why it is not surprising that often in families with many children 7-8 people live in one room."

"There are many problems involving finding jobs for gypsies," continues Sh. Gorol. "They are not accepted at work very readily because they have to job skills. But how can they since many of them do not have even a primary education? The school administration easily allow gypsy children to leave school under the pretext that they have problems keeping up with the work. This is why it is not at all surprising that about 85 percent of gypsies do not have any, or very low, job skills. If you see people digging a ditch or a trench somewhere you can be absolutely sure that most of the workers are gypsies."

As for the anti-gypsy demonstrations, feels Sh. Gorol, racists have taken advantage of negative attitudes toward gypsies in a certain part of the Czech population. The fact is that the number of criminals is high among gypsies. In Slovakia the crime rate among gypsies is fivefold greater than average figures for the country, and in the Czech republic—tenfold greater.

The rapid growth of the gypsy population is also creating problems. As a rule, each gypsy family has five or more children. In accordance with existing laws parents receive financial aid from the government for each child. If a family has five children this aid amounts to about 2,000 krona, and with the birth of each subsequent child the payment increases by 330 koruna. But often once the parents receive this money they stop working. It turns out that others are supporting for them. This gives rise to displeasure among many citizens.

We cannot but see also that today's anti-gypsy demonstrations occurred on a background of a general exacerbation of the national problem in Czechoslovakia. In the

country the national council for liberating Slovakia has become more active; in spite of official prohibitions it has held several meetings and demonstrations directed at separating Slovakia and at creating an independent Slovakian country. In Slovakia itself demands for national autonomy are being heard louder and louder from the Hungarian minority that lives in the republic. The Ukrainian-speaking population of the country is also expressing dissatisfaction with its situation.

As the representatives of gypsy political parties feel, the solution to the problem must be implemented within the framework of extensive social and economic transformations that have been planned by the current Czech leadership. This was told to me in part by Emil Shchuka, chairman of the Rom Citizen's Initiative party. Defending the interests of the gypsy population, this party is playing a more and more noticeable role in the political life of the country. In a block with the Party for the Integration Slovakian Roms it participated in the recent parliamentary elections. The international activities of gypsy parties is also being activated. Their representatives participated for the first time in the 4th All-World Gypsy Congress in Warsaw.

"The main task of our party," said E. Shchuka, "is to focus the attention of Czechoslovak citizens on the situation of the gypsy population, which, let's be honest, lives apart from the rest of society. In contrast to many other national minorities we do not demand any sort of autonomy. Instead we are trying to integrate gypsies into the life of all of the Czech people and at the same time we are counting on an understanding of our problems."

A great deal remains to be done to provide jobs for the gypsy population. Under conditions of a transition to a market economy many gypsies who, as we have stated before, basically do not have much training, may lose their jobs first. For this reason the question that arises now has to do with creating independent gypsy private enterprises and cooperatives. For example, gypsies have always been considered to be excellent blacksmiths and artisans and were utilized in building and farm jobs.

The status of women is cause for special alarm. The majority of them do not work or work as cleaning women. Now we are looking at the possibility of creating two-year family schools where young women ages 13-15 can learn to cook, sew and take care of the sick, joining the guardianship services attached to national committees. They will be more extensively recruited into music ensembles and choirs, the performances of which are very successful. A gypsy musical theater recently opened in one of the houses of culture in Prague.

Gypsy luck. A great deal is sung about it in the wonderful folk songs. One thing is clear—in order to fully integrate gypsies into the life of contemporary society we need persistent and patient efforts.

Continued 'Channels of Cooperation' With Cuba Urged

90UF0377A Kishinev SOVETSKAYA MOLDAVIA
in Russian 28 Jun 90 p 3

[Article by M. Polyakov under the "International Notes" rubric: "The USSR and Cuba: Sugar and Politics"]

[Text] On the huge kitchen buffet of my lady neighbor in the apartment house stands a 5-liter Bulgarian pickle jar. The elderly lady, who has lived through the collectivization, the war, and the other cataclysms of our more recent history, scrupulously pours her surpluses of rationed sugar into it. Sugar is sugar—yellowish, crystalline, and, almost at the very bottom, a snow-white layer. This is sugar too, but produced, not from beets—from sugarcane—and brought to us from the other end of the planet, from Cuba. This jar can handily be used as a visual aid in analyzing certain aspects of today's Soviet-Cuban economic, and even political, relations.

The situation in Cuba's economy today is determined to a considerable extent by the level of its trade relations with our country, to whose lot falls about 70 percent of the republic's foreign trade turnover. The USSR meets Cuba's requirements for petroleum products almost entirely, and is the main or only supplier to Cuba of wheat and flour, transportation equipment and machine-building products, metal and fertilizer, textile raw materials, refrigerators, and other goods.

Sugar is the main Cuban export article. The Soviet Union is this product's main importer. The republic exports 80 percent of all sugar produced by it to the USSR. Moreover, we buy the sugar at prices two or three times as high as world prices. The "archaeological cross section" in the glass jar bears witness that sugar of the imported type did not reach my lady neighbor a single time during the past year. No, deliveries of Cuban sugar to our country have not been discontinued. However, the white sugar that sometimes used to appear on our store shelves has seemingly dissolved itself. The cooperation mechanism has begun to be disrupted.

Articles, in which the question of reexamining the existing type of economic relations between the Soviet Union and Cuba is raised in the context of the changes taking place in the CEMA [SEV] member countries, have started appearing more and more often in our press. Their main theme is this: We are shifting to a market economy and, consequently, must shift to freely convertible currency in our commercial settlements; therefore, we can no longer, to the detriment of our own empty stomach, "feed" our "poor friends," who, for that matter, are in no hurry to applaud our perestroika.

These publications, as well as certain speeches of USSR People's Deputies on this question in the parliament, have not failed to come to the Cuban leadership's attention. "The USSR's policy with respect to our country has always been generous," declared Fidel Castro, speaking at the 16th Congress of the Cuban Workers' Trade Union Center [Profsoyuz] in January of this year. "However, we are not a country asking for a handout. We are not a country to which

things are presented as gifts. We pay money. And if our sugar is sold at a price higher than in the 'world trash bin' (i.e., on the world sugar market—TASS note), the price is fair nonetheless." "Most of the sugar in the world is sold at contract prices, including the sugar purchased by the USA. Prices for the sugar purchased by the EEC [YeES] in third-world countries are two or three times as high as world-market prices." Thus, the Cuban leader stressed, two dangers exist. The first stems from the objective difficulties being experienced by the Soviet Union, which do not permit it, with all of its desires, to fulfill its obligations. The second is "those movements which, quite obviously, are associated with reaction and imperialism and are openly making a stand for the termination of relations of this kind." Therefore, Cuba will go into a "special peacetime period" in the event that Soviet deliveries are terminated.

What sort of thing is that? "Rehearsals" of a "special period"—one-day switches to the regime of an extreme situation in the economy—have been conducted in various regions of the country. A shortage of spare parts, fuel, and transportation was simulated at enterprises, and the kitchens of workers' dining rooms, and even some metallurgical enterprises, operated on firewood. Many jobs were done manually. Oxen and manual plows, which will have to replace the tractors left without fuel, were inventoried....

It is hard to agree with the Cuban leader's viewpoint concerning some of our journalists and parliament members' association with "reaction and imperialism." Likewise, it is hard to suppress a somewhat bitter, ironic smile at the thought of the "special period's" firewood and oxen. It is also hard to avoid a certain skepticism regarding Cuba's plans for overcoming its difficulties, inasmuch as the main reliance is placed on his compatriots' enthusiasm, patriotism, and self-denial. However, the Cuban leader is absolutely right about one thing: Cuba should not "simply copy everything that the Soviet Union does. Each of us must have the right to behave as he considers necessary." Let me add on my own behalf: The fruits of the changes must ripen. And it must be understood that these fruits may differ in taste as beet sugar differs from cane sugar. The latter, by the way, is not as sweet.

But then, it turns out to be just as piquant later. This year, because of unfavorable weather, aggravated by mistakes in planning, Cuba was compelled to purchase sugar abroad with currency, which is in ever so short supply for it, just as it is for us, to fulfill its obligations for sugar deliveries to our country and the CEMA member countries.

How many of our countrymen have the best medicines in the world and the unique medical equipment developed by Cuban specialists helped? How many of our Afghanistan boys have literally been put on their feet by Cuban physicians? Can one really put a price in rubles on this assistance?

Yes, we give Cuba more than we receive in return. However, let us admit: We often provide assistance in numbers and not in skill, in quantity and not in quality. Our own troubles are reaching the Island of Freedom as an echo. Consequently, we must follow the revitalization path together, and together, circumspectly and carefully improve the old ones and open new and promising channels of cooperation.

Soviet Public Comments on Ownership of Kurile Islands

90UF0343A Moscow RABOCHAYA TRIBUNA
in Russian 15 Jul 90 p 3

[Article by I. Titov under the rubric "Returning to What Has Been Printed": "We Have No Extra Land"]

[Text] Familiarity with the responses to the article "Whose Are the Kuriles?" published in our newspaper on 9 May gives considerable food for thought. Readers of RABOCHAYA TRIBUNA express opposite opinions. Some are so sensitive on this problem that the very question posed in the title of this article, a rhetorical one in principle, drives them to indignation.

"The problem of the Kuriles does not exist," writes A. Belokrinitiskiy from Zhitomir. "There is no sense in submitting the question to the court of our people. It was decided long ago." Some people who did not understand the idea of the article (not so very complicated, in my opinion) became alarmed: Russia is being sold out once again, and I demand that those to blame be punished immediately!

Those people who adhere to the opposite point of view also object. Veteran of war and labor V. Semenov from Kazan was indignant: "Our conscience is clear enough not to give these islands back. Wake up! Japan was utterly destroyed during World War II. But in many respects it lives better than we do, the Kuriles have not helped us." N. Semenov from Moscow, also a veteran, believes that "there is economic and political benefit in selling or leasing these islands to Japan and receiving material aid from it to develop Chukotka and the entire Far East." Some people suggest declaring the islands the autonomous okrug of the Ainu, the indigenous inhabitants. Some people propose dividing the Kuriles in half on the geographical meridian.

This position arouses weighty counterarguments in many people. "If Japan were a neutral country or friendly to us, the idea of a gradual transition of the islands would merit discussion and consent of the people to decide if they are for it or against it," warns A. Kulikov from Luganskiy Oblast. "But if we give them back under present conditions, the rest of the Kurile Islands and Sakhalin will be Japan's next demand." In the opinion of the above-mentioned A. Belokrinitiskiy, the military-strategic aspect of the problem is the most important: "Give back the Kuriles and cut our fleet off from the Pacific Ocean? Remember the hard time our sailors had in those straits and how many ships and people were lost during the war. And now voluntarily take that millstone around our necks? Never!"

Many letters emphasize the economic significance of this region, which will be even greater in the future. They mention that the islands were developed by Russian pioneers. All these aspects are very important. But, in my opinion, it is not quite productive to delve into details and seek additional arguments. One thing is clear: the

southern group of the Kurile Islands which Japan demands and which from 1855 through 1945 were Japanese territory belongs to the Soviet Union. Just as Russia, which was defeated in the Russo-Japanese War, abandoned Sakhalin, so Japan abandoned all claims to the Kuriles, including the southern part of them, by the San Francisco Treaty of 1951.

This is our position: the postwar borders are inviolable, we have no extra land. But Japan believes that it did not abandon the "northern territories," because they are not part of the Kuriles but are part of the Island of Hokkaido. That is debatable. The question is a complex one. Compromises do not suit the Japanese side. Recently one of the prominent figures of the ruling Liberal Democratic Party of Japan, S. Kanemaru, supported the gradual transfer of the "northern territories" to Japan and brought a squall of criticism upon himself: Japan's demands, it was said, should not be weakened by discord—all four islands should be returned immediately.

Japan's Ministry of Foreign Affairs responded immediately to the article by V. Ovchinnikov published in the newspaper PRAVDA on 1 July, an article which advanced the idea of transferring these islands to the guardianship of the United Nations and declaring them a special economic zone jointly owned by the USSR and Japan. The official representative of the foreign policy department, T. Watanabe, announced that Japan rejected this idea, since first the fundamental question of the islands' sovereignty must be decided: "We insist that they belong to Japan," he emphasized, "and that question must be clarified first of all."

Well, we are not changing our position either. But we do not refuse to discuss these problems openly and publicly and seek ways to resolve them. The broad wave of articles which is appearing on this subject shows that there is no contraindication for the public to discuss it, and there should not be. And our readers are beginning to be actively involved in the debate, showing both interest and the desire to participate in formulating proposals on foreign policy issues. And that is just what we are waiting for.

Hyundai President Discusses Prospects For USSR-ROK Cooperation

90UF0378A Moscow IZVESTIYA in Russian 22 Jul 90
Morning Edition p 4

[IZVESTIYA Correspondent Yevg. Bay Interviews Hyundai President Chong Chu-Yong: "IZVESTIYA Interview: Hyundai Prepared To Invest Capital"]

[Text] Chong Chu-Yong, President of Hyundai, the major South Korean corporation, paid a working visit to the Soviet Union, where he discussed a number of major joint projects with the Soviet side. An IZVESTIYA correspondent met with him shortly before his departure for Seoul.

[Bay] What are the results of your trip?

[Chu-Yong] The main part of my trip was a visit to Yakutiya. We discussed with the autonomous republic's leadership projects for developing the area's natural resources, with a view to not only meeting the USSR's domestic needs but also exporting some of the output to the Asian countries of the region. We are primarily interested in deposits of coal and natural gas. In July, Hyundai plans to send to Moscow a team of experts who, in conjunction with their Soviet colleagues, will draw up recommendations for the use of these resources.

[Bay] I understand that plans call for building a gas pipeline from Yakutiya to South Korea.

[Chu-Yong] The project is presently in the discussion stage. Its implementation will entail a good many difficulties. The trouble is that the pipeline would pass through the Soviet Far East and then through the territory of North Korea. Needless to say, we will need Pyongyang's consent.

[Bay] Have any political contacts been made with the North Korean government in this area?

[Chu-Yong] No contacts have been so far, but I can say with confidence that this would be a very advantageous project for North Korea. It too could become a consumer of Yakutiya's natural gas. If, on the other hand, the North Korean side drags its feet and refuses, we'll have enough patience. I am sure we will succeed in enlisting them in this important endeavor.

[Bay] Other projects?

[Chu-Yong] Strictly speaking, the construction of a gas pipeline from Yakutiya to South Korea is the second line of one large plan. The first line will be a gas pipeline from Sakhalin to Komsomolsk-na-Amur and then to the Korean Peninsula. The South Korean side is prepared to invest capital in the construction of both lines in order to offset the cost of our natural gas purchases. In drawing up this project, we are proceeding from the premise that, on a global scale, the role of natural gas vis-a-vis oil has increased. And natural gas will become the basis of South Korea's fuel and energy complex.

In addition to laying a gas pipeline, we have proposed to cooperate in developing the coal deposits of the Maritime Kray. However, this will require the laying of a 320-kilometer railroad to the nearest branch of the Trans-Siberian Railroad. We would then jointly export the coal to various countries of South and Southeast Asia.

Finally, there are other promising plans: the construction in the Maritime Kray of a pulp and paper combine, a plant that will produce rolling stock—locomotives and freight cars—and also an enterprise that will manufacture personal computers. In the first stage, Hyundai will supply all the necessary parts and components for it, but over the next five years we intend to carry out the entire production cycle on site. All told, I am prepared to invest up to \$5 billion in the implementation of these plans.

[Bay] In view of the unstable situation in our country, few foreign businessmen dare invest such major capital in the Soviet economy. What accounts for Hyundai's resolve?

[Chu-Yong] You're not the first person to ask me that question. I am often asked that question in South Korea itself. People try to convince me that the political situation in the USSR is fraught with unpredictable consequences. I take a different view. I believe that President M. Gorbachev's orientation toward the development of a market economy will not only bring changes to the Soviet Union but also make an important contribution to a new world economic order. Boris Yeltsin takes a similar view. I hope that these two leaders will find ways to cooperate and, through joint effort, will be able to move the country in the direction of a free market.

Hyundai has dozens of plants in the United States, Canada, Latin America, Thailand, and Indonesia. But no oceans separate our countries, the Maritime Kray is right beside us. It's very much to my liking, and I find it very pleasant and easy to associate with its inhabitants. Participation in the economic development of the enormously rich Soviet Far East would be extremely advantageous to both sides.

As a businessman, I realize that the success of reform in the USSR depends most of all on how fast and efficiently enterprises are privatized. In my view, the government itself must take the private sector under its wing and help young entrepreneurs. In such a large country, this process may take some time. But in any case, I am not inclined to dramatize the situation in the Soviet Union. The correct course will ultimately lead to political stabilization and economic growth.

Practical Lessons of Harbin Trade Fair Considered

90UF03924 Moscow IZVESTIYA in Russian 26 Jul 90
Morning edition p 5

[Article by Yu. Savenkov, IZVESTIYA correspondent: "The Descendants of Merchant Churin, Or On the Lessons of the Harbin Trade Fair"]

[Text] "Being in the world of things, you must perceive their multi-varied nature." These are the words of "Tao-te Ching", the poetic and philosophical monument of Ancient China. As any great work, it does not know the limits of time and space. And so it is that I, thinking about the trade fair in Harbin, about our merchants and—how many times!—about the chances we have missed, recall these lines...

Harbin—a large industrial center in the northeast of the country which is among the top 10 Chinese cities—lived off of the trade fair in June. Its breath splashed over the walls of the exhibit pavilions and intertwined itself in the rhythm of the city. The trade fair was unusual—held especially for merchants from the Soviet Union and Eastern Europe. From all the country's provinces, 700

Chinese companies offered 28,000 varieties of goods. The overwhelming majority consisted of consumer goods and household appliances. Even machines and equipment (mini-tractors and other things which are in short supply) seemed to be specially intended for our leaseholders.

It is difficult to imagine a place more suitable for such a trade fair. When at the turn of the century they began building the Chinese-Eastern Railroad (to which the city specifically owes its presence), and then, before there were several migrations of Russians to other regions, there were many settlers from Russia living here. Their friendly association with the Chinese and the mutual enrichment of the two cultures is ingrained in the memory of generations. In Harbin to this day they still remember the trading company of the Russian merchant Churin, which was once famous throughout the entire Far East. Even today the city's largest department store is named after him. In the 60s, when the chaos of the sadly infamous "cultural revolution" broke out in the country and xenophobia became the standard of everyday life, it was renamed "Vostok aleyet". However, this name did not stay, and once again the gold heiroglyphs on the facade read: "Churin Company".

Heilongjiang Province (Harbin is its capital) borders the Soviet Union for 3,000 kilometers. After border trade was renewed in 1982, it began to grow rapidly. Last year its volume increased 3-fold as compared with the previous year. The tempo of this city exceeds that of last year. At first trade was carried on only in specially designated points. Today we are speaking of developing it along the entire line of the border. Joint enterprises are arising and export of the Chinese work force is expanding. The neighbors are thinking about the joint utilization of border water resources, and about creating a common market and special economic zones.

Yet several years ago, border trade and other direct ties which went beyond the framework of those illuminated in intergovernmental agreements were condescendingly referred to as "small-scale" trade, which was destined only to supplement "large" trade. Yet quite unnoticed, the volume of direct dealings began to approach 20 percent of all the goods exchange between the USSR and China. And the relations between them changed.

The direct ties must be managed in a commercially skillful manner, of this specialists are convinced. My friend Han Monin [as published], a power engineer who studied in the Soviet Union, has long been possessed with the idea of seeking ways to expand our ties. Among his numerous ideas is the following. "You have shoes which are sturdy, but not 'fashionable,'" reflects Han Monin. "We have shoes which are 'fashionable', but less sturdy. Your young people need fashionable goods, our peasants need sturdy ones. Let us trade lot for lot. Even this simple exchange will revitalize industry. Yet we must go farther: We must trade technologies, solve the problem of joining engineering and trade, and overcome

the 'raw material syndrome'. In our country everyone wants your raw material, but it is not unlimited."

Why is barter sometimes criticized? It is the slow-witted people who are at fault, believes Han Monin. "There are lines of people waiting to buy Chinese goods in Vladivostok. There is a shortage of them. Yet your goods do not sell in Suifenhe. What is the reason for this? In this city there are only 23,000 residents, and the slow-witted people do not think of transferring the goods to another place. So Chinese goods do not come into Vladivostok. After all, the trade goes 'lot for lot', and it must be equivalent."

Thus, the primary task of the Harbin trade fair is to check out the additional possibilities for barter trade on the eve of the transition to accounting in freely convertible currency which dominates on the international market. The method, of course, is progressive. We must adapt to it. Haste here is contraindicated. And, so that the volume of trade does not decline, at first different forms of accounting will co-exist.

Here is the second task. In China there is an ongoing process of developing the foreign trade mechanism. Specifically, the number of companies given the right to enter the Soviet market has been sharply limited. Having passed the stage of rapid growth (in Heilungkiang Province alone just a year ago there were around 200 companies directly seeking partners), the Chinese have felt the need to coordinate actions, correlate prices, and study the market more closely. Today, 2-3 companies in each province have received such a right. Moreover, certain companies in the border points have the possibility of entering the Soviet market. Others act through them. And so the masters have decided to see how this chain works.

Here is the third task. The decline in the interest of Western partners also stimulates a search for new means of penetrating into the Soviet market.

And finally, the fourth: The surplus of goods and the sluggishness of the domestic market which have arisen as a result of the policy of economic stabilization.

Trade-economic fairs have become a customary trait of Chinese life ever since the country overcame its seclusion and turned its face to the world. Among these fairs, there is, perhaps, the most prestigious. This is the trade fair of Chinese export goods in the southern city of Guangzhou. It is held two times a year—in April and October. It began in 1957, when half of China's foreign trade turnover was with the USSR. (We will remember: Today the relative share of the USSR, although we have become China's fifth largest trade partner, comprises only 3 percent and cannot in any way compare with that of Hong Kong, the USA and Japan). One-third of all Chinese export deals are concluded here. This spring, the 67th Guangzhou Trade Fair attracted over 40,000 businessmen from 103 countries, and the sum of deals concluded approached 6 billion American dollars.

When preparations were being made for the Harbin trade fair, evidently in order to increase its prestige, it was said that in the future it would be the northern variant of the Guangzhou trade fair. However, Liu Xiangdong, representative of the Ministry of Foreign Economic Relations and Trade, warned me against drawing analogies. Even the terminology is different in these trade fairs. The Guangzhou trade fair is literally: "a place where deals are made". The Harbin trade fair is "a place where contacts are established". The primary reason for the trade fair in Harbin is to give the partners the opportunity to find and understand each other. If deals are made—that is wonderful. If doubts prevail, the negotiations may be continued and a profitable variant sought for both partners.

We might add that the hosts made no secret of the fact that the quality of the Harbin exposition was not up to that of the Guangzhou export trade fair. The goods were closer in level to those which are sold on the Chinese domestic market. The Chinese generally have a rather critical attitude toward the quality of products in barter deals. Recently a prominent journal studying the problem of foreign trade wrote: Some companies pay no attention to quality as defined by contract. Sometimes, for example, the losses of potatoes comprise 20 percent, and the quality of fruit is worse than it was before. Beef is poorly frozen, and the fat content exceeds the standards. The goods of enterprises working for border trade do not undergo inspection, while untimely transfer of documentation creates bottlenecks at border crossings, etc.

I am not trying to cast doubts on the quality of the displays. That which was on the display stands in Harbin is most worthy of attention. Yet this was a trade show. Even the owners themselves suggested that we not hurry, that we compare and choose. Here is what an American businessman acquaintance of mine who had worked in the East for a long time told me: A Chinese merchant has two main qualities—patience and persistence. He sometimes appears rigid and unbending, but if you play his game you will undoubtedly make the catch. Do not hurry. If you agree too soon, that will cause confusion.

How did the descendants of the famous Churin appear at the trade fair? Here are the evaluations of Soviet trade representative B. P. Bavrin: "Harbin was a chance. Before us stood China in miniature—the products of all the provinces. But, to our great regret, 80 percent of all the contracts were signed with Heilungkiang Province. Yet the trade fair was national. Our foreign trade associations have become accustomed to working by government protocols, where everything is stipulated: What kind of goods, their quality or cost. But now everything will be decided by the free market. We must learn enterprise, flexibility, responsibility, and re-orient ourselves psychologically."

Out of 2,500 of our merchants at the trade fair, over 90 percent were in the category of "commercial tourists". They had come on non-currency exchange and were

morally tied to that company (as a rule, from Heilungkiang) which had invited them. The unpredictability of the trade fair was lost. How can one attain "multi-variance" here?

The number of such guests would have been even greater, but some were embarrassed to come because they had not fulfilled their promises (did not find the goods or did not obtain an export license for them). Evidently, this is the first lesson of the trade fair. It showed the unpromising nature of the non-currency form of trade, when one speaks of a serious commercial venture. I saw what it means to "work out currency" in the Soviet pavilion, where there were, unfortunately, only 23 companies. Yet their representatives had paid currency and knew what they wanted. They understood their export potential and were not "swimming" in commercial details, as had often been the case at previous expositions.

I am often assured that the low effectiveness of countless trips to China is almost a normal matter. After a long break there comes a stage of "initial accumulation of capital". However, evidently, this stage has been very slow in coming. Out of 100 protocols of intent, at best 2 become real contracts, and these have yet to be fulfilled. There are too many unfulfilled promises, vanished cooperators, negotiations cut short, matters of possible joint enterprises dragged out.

"My economic literacy is at the level of a Neanderthal," one of the tourists told me glibly. Yet he did not go to the Soviet Commercial Center which employs professionals from the Ministry of Foreign Economic Relations and the trade representation in Beijing.

Why?

The Commercial Center would be ready to tell him about the conditions of work in China, the system of licensing, and the peculiarities of Chinese companies. It would help him to competently compile a protocol and would acquaint him with the level of world prices. But the tourist was in a hurry. One bought a tape recorder at a good price. He re-calculated its cost into our prices and decided that the deal was profitable. In fact, he had overpaid by double the price. Another exchanged a pile of metal for a pile of consumer goods. Remembering the outrageous level of prices on the Soviet domestic market, he decided that he had come out ahead. In fact, he could have received not three, but four shirts for the same amount of goods, if only he had oriented himself toward the level of world prices.

Here is the second lesson of the Harbin trade fair: It is time to work out a mechanism of making direct deals. Our merchant often signs a protocol first, and then finds out whether or not he will receive a license for his goods and what the conditions of delivery are. Evidently, ideally the independent commercial center at the trade fair must issue licenses. Just think how its prestige would be increased! And as for the terms of goods delivery, according to Chinese data, transport problems forced

contracts in the sum of 2 billion Swiss francs to remain unfulfilled in the border trade of Heilungkiang Province with the USSR. It would also be a good idea to conduct the deals through a bank, as is the custom in the civilized world. We might add that the Chinese companies appeared much more organized at the trade fair. The right of entry into the Soviet market automatically meant the possibility of obtaining a license.

Yet why did the spontaneous merchant not go to our commercial center? Was it an allergy to the command system? Although in this case the question was sooner one of protecting the interests of the businessman, and a legal consultation on the contract would only have strengthened his positions, nevertheless the merchant perceived a ministry representative as someone who prohibits.

At the trade fair I met V. Ye. Khoroshko, chief of the "Dalryba" personnel service. He was passing through Harbin. He was returning from Moscow to Vladivostok via Beijing. In Moscow he had tried in vain to obtain the sanction of the Ministry of Foreign Economic Relations for the joint enterprise "Dahai" ("Great Sea") between "Dalryba" and the Pacific Ocean trade survey administration and the scientific-research fleet on one hand, and the Chinese Administration for product quality control in the city of Dalian—on the other. This is a 7-story hotel, where the sailors of Soviet ships anchored here for repair would finally have a chance to live in a civilized manner. (All too often they are forced to remain aboard the ship during repairs). Their families could come to visit them. People could come here from Vladivostok to rest. In short, it would be a good resort base with all the conveniences and excellent service. Payment could be made in rubles, and as compensation the Ministry of the Fish Industry would give the joint enterprise a license for fish oil. The Chinese obtained all their visas. It was time to approve the enterprise charter. But in Moscow Khoroshko was told: Do not hurry, first we must get the consent of the trade representation in Beijing, and then we will see. Wait 2 months? Khoroshko is "playing ahead"—he flies to Beijing and obtains a visa. Now the new messenger will set off from Vladivostok to Moscow. We hope that he is successful. Yet is it not time to get department recommendations with the aid of a telex or telefax? We might add that many profitable deals have fallen through simply because Soviet firms could not get in touch with the Chinese in time.

One more lesson: It is extremely important to have coordination of actions of those who are involved in foreign trade. Merchants and those who are called upon to help them (and not hinder them, as in the case with Khoroshko) must find a road toward each other. Dissociation is not the way. Yet at the trade fair many simply did not know about the existence of the commercial center and did not even guess that the Association for Business Cooperation with China was making its debut here.

This public organization was created 9 months ago to develop new forms of cooperation. It includes 70 Soviet enterprises and organizations. As General Director A. N.

Kovalev told me, the association places the emphasis on medium-sized and small enterprises which cannot themselves effectively conclude a deal. The association's strategy is to move away from the raw material direction of deals and to increase the relative share of machines and equipment. At the same time, the Chinese partners would primarily like to receive metal, lumber, fertilizer, and cement. However, the future, believes A. N. Kovalev, is not in exchanging Soviet raw material resources for consumer goods, but rather in their in-depth processing on site with the involvement of foreign capital and technology, and if necessary also a work force from the PRC. We might add that the association recently participated in the first trilateral Soviet-Chinese-Japanese meeting in Khabarovsk on economic cooperation on the basis of developing Eastern Siberia and the Far East. This work was continued in Harbin. There are many ideas here, fewer protocols of intent, and very few matters close to their real conclusion.

Here is one of them: To produce pans with teflon coating (the dream of the Soviet housewife!) at the Bratsk Aluminum Combine. At the trade fair, the association, in the name of its 18 members, concluded a contract with a Chinese textile company for the delivery of consumer goods for currency deductions which had been immobilized prior to this time. Nevertheless, many are convinced that the association's primary mission is to seek partners, to study the market conditions, and to create a data bank. It must become a respectable consultation center. For this purpose, it must employ competent specialists who know China and speak the Chinese language.

Will the Harbin trade fair become a traditional "place where deals are made?" Will other partners participate in it, say for example the APR countries? Or is it fated to be a barter service? It all depends on how things will go for the USSR and China with accounting in freely convertible currency, and how the partners will perceive the "multi-variance of things"...

Benefits of SRV Economic Reform Program Assessed

90UF0385A Moscow PRAVDA in Russian 26 Jul 90
Second Edition p 7

[Article by M. Domogatskikh, PRAVDA special correspondent in Hanoi: "How To Start the Pendulum Swinging"]

[Text] When the CPSU announced the serious socio-economic crisis of Soviet society and the need for perestroika, very many of our friends in Vietnam seemed to be shocked. To copy Soviet experience for so many years, to believe in the victories and achievements for so many years, and now suddenly to learn of the true state of affairs!

The first thing which we often had occasion to hear, as if in consolation, was: That cannot be! Time was needed to interpret the new course of the Soviet ship and their own position, so that a little over a year later already at their own 6th Congress they could say just as bravely and decisively: A time of decisive changes is needed. Despite the pain and difficulties in understanding all that has

happened, the people and the party of Vietnam in their majority quickly understood that there is no other way for great change other than renovation. This was a breakthrough toward the new thinking in theory as well as in the practice of building a new society.

My fellow conversationalist is Dang Thao, a short, thin man with a lively and, judging by everything, all-pervasive glance. He is a party worker and deputy head of the ideology department of the party province committee. He has behind him a serious political (CPV Central Committee Higher Party School) and economic education (Institute of National Economic Planning and advanced courses in economic management).

Quang Ninh Province in the northeast of Vietnam, where Dang Thao works, like the entire country, is today living in a tempo of deep-seated changes, and my fellow conversationalist associates them with the revolutionary decisions of the party for renovation of life and for the creation of a new mechanism in the process of managing the socio-economic structure of society.

Quang Ninh is the country's coal base. From here Vietnam gets practically all the fuel for its own needs as well as for export. From the window of the room where we are speaking we can see commercial vessels on the roadsteads in Hailong Bay. Two "traders" stand out in particular—one under an English, and other under a Panamanian flag. They are taking into their holds anthracite coal from the mines and open pits of Quang Ninh.

"By the way," says Dang Thao, pointing at the "traders". "This is a new phenomenon in our waters. Prior to the withdrawal of our troops from Cambodia, traders from the capitalist countries were rare guests. There was in fact a blockade established after 1979, when we helped the Cambodian people put an end to the Pol Pot clique. Today gradually, as if testing the depths, they are beginning to develop new routes.

The known reserves of coal in Quang Ninh are estimated at almost 1.5 billion tons. The French began to develop the deposits as soon as they established their supremacy over Indochina. The province was the most worrisome point for the colonial authorities: Of the 300,000-man detachment of the working class of all Indochina, over 40,000 was comprised of the most well-organized and conscious portion of coal miners. There was a strong worker's movement here, and there were work stoppages and strikes. It was specifically among the miners that after the creation of the Indochinese Communist Party there appeared militant party units and organizations.

In the better years, French companies extracted no more than 3.5 million tons of coal here. Today the average annual yield comprises 6 million tons. However, the surveyed deposits, technical equipment and trained cadres—all this was created with the extensive Soviet aid and will make it possible to increase the output in the future.

"When I came to Moscow to study," explains Dang Thao, "my Soviet comrades, including my instructors, began asking, one might say even with some prejudice, how we were able to solve the problems which had accumulated in such a short time: To rescind ration cards, to fill the market with goods and products, to stop runaway inflation, and to create a new socio-economic atmosphere. I told them frankly about everything. I said that the impetus was the CPSU's course toward perestroika. And as specific examples I cited facts from the life of my province. Yet the situation there at the outset of the new course was a difficult one."

And this is really so. Quang Ninh is an industrial region. Farming yielded produce for only one month out of 12. Therefore, everything depended on state aid. Yet the state was suffocating from shortages and throwing all its reserves into the poor provinces. Sometimes it happened that for 3-4 months the miners did not even get the rice to which they were entitled by their ration cards. The low wages, which were enough to pay for the rationed produce, did not mean anything on the "free market", where prices rose not only every day, but even in the course of the day. The levelling factor in everything—in the standard of food distribution, in the wages, and in the social sphere—led to the growth of discontent, to the fact that the miners began to leave the mines in order to find work in other places and to find additional income or a few kilograms of rice.

"Today," says Dang Thao, "many of the above-mentioned 'negative aspects of life' are behind us. The new mechanism of economic management, the repeal of prohibitions and limitations on the development of broad ties and trade between the provinces, the liberation from the tenacious tangles of the supply-market system and the rigid control over the sale of products produced in excess of state order have turned everything upside down. After all, how was it before? No matter how much coal we mined—we had to give it all to the state at prices below the production cost. And if there happened to be such economic managers who tried to sell part of the above-plan coal in exchange for food for the miners, there was a 'domestic blockade'. Excessive 'state concern' was an inhibiting factor which kept not only individual regions or sectors, but even the entire country from moving ahead."

Even 2-3 years ago any conversation both in the city and in the village began with a list of difficulties and shortages: There is no raw material for the plants, no construction materials for building and repairing housing, no fabric for clothing, no paint to paint your bicycle, no pipes or pumps for irrigation, and no parts to repair the machines. The state, applying administrative-supply principles, dictated its conditions in all things: Take what they give, receive what has been determined for you by the order of the planners who have a poor knowledge of those to whom they were giving their orders. Therefore, the buyer had no choice, and the producer did not care about his product. He knew that whatever he produced, whether it was of good or poor quality, expensive or cheap, the planners and suppliers would find someone to distribute this product to. And they too did not stop to think much about whether it was needed

by the consumer, whether it would place an additional burden on his already difficult financial position.

"And what took place in the daily trade relations of the store and the buyer—that is difficult even to describe," says Dang Thao. "In trade, as we bitterly joked, there were four horizons. The highly paid managers had their own special supply privileges. That was the first horizon. The second was comprised of the managers' relatives. They obtained products through the 'back door' of stores and warehouses. The working people went to the market where the private traders shocked them with their prices. This third horizon became covered each year with ever heavier clouds of discontent. Well, and the fourth, the most well-supplied horizon, was that of the trade workers. They took what was best in unlimited quantities and sold at high prices what they had in fact stolen, bypassing the stores and selling most often to private sellers. These in turn sold everything they had obtained on the market, after raising the price to new heights."

The trade workers in our country were angrily called the "contrabandists". The repeal of the administrative-supply system and the special privileges, the introduction of unified market level prices, and the change in the level of wages in connection with this made everyone equal—both the managers and the rank-and-file. The money earned gradually became the levelling factor of life. This, of course, does not mean that everyone has the opportunity of buying whatever he wants. Material inequality existed, still exists, and will probably exist for a long time to come. However, it is very important that the introduction of market relations and unified prices for all increases the degree of social protection of man and creates conditions for the honest worker to strive to earn as much as he can and to do more for society, and this means also for himself. Nothing had such a corrupting effect on people as the system of levelling, when both the idler and the industrious person received the same. This was an insult to good people.

"But will a person be happy with the fact that the state, like the private trader, seems to be getting rich off of the high average market prices?", I asked.

"I was often asked that question in Moscow," said my fellow conversationalist. "And I answered by presenting facts from... your life. Forgive me if the figures are not very precise. I am citing them merely as an example. The state buys beef at 5 rubles a kilogram, and sells it for 2. That means it is losing over 2.5 times on subsidies. Yet there is still a shortage of meat. It seems to disappear, like contraband goods. Yet if we introduce a regulated average market price, then it is quite possible that there would be meat both on the market and in the store. Here is another side. When there are 'price scissors', the people, afraid that tomorrow there will be no cheap products, begin to buy up as much as they can—sugar, soap, linens, and even, just in case, that which they do not need today, but in a week perhaps they will have to throw out. This is all very familiar to us. By the way, after introduction of average market prices, many goods appeared from family storehouses. It became more profitable to sell them than to keep them."

When I presented these conclusions to my Soviet friends, they admitted that there was some basis to them. Your difficulties, in my opinion, exist also because you have a great inhibiting factor. We have turned out to be more flexible to changes. Our pendulum is smaller in size. It was easier to swing. There are, of course, also purely Vietnamese factors. We have not yet entirely "de-peasantized" the village, and therefore the family order, which brought revitalization of the farm, was quickly and painlessly introduced. We were unable to entirely root out the habits of entrepreneurship and trade, handicraft production, to increase envy and ill will toward those who achieve success by their own labor and who live better. We have still retained the tradition of wishing a person four precious things on New Year: Happiness, wealth, prosperity, and health. Yet if we did not now break the administrative-bureaucratic system, it could distort the morals and behavior of a person.

And one more comment about trade. This is a very complex sector. It is no wonder that Lenin focused attention on it. In saying that we must learn to trade, he was referring primarily to broad international trade, but I believe that he also meant everyday trade. I have been to the trade sections of Moscow, Leningrad and other cities and have seen the large specialized stores. It seemed to me, pardon me for my bluntness, that your salespeople are not concerned with the buyer. The well-being of the seller does not depend on the buyer, but on something else. We too had a similar situation in our country. We are trying to cure trade of this illness, and today by and large the seller seeks out the buyer, because his earnings depend on him.

Well, the reader might ask, is everything in Vietnam ideal?

"No," smiles Dang Thao. "Far from everything. As before there are references to difficulties and shortages. As before, not everything is well in trade. It is also far from well in the social sphere, especially in the sphere of public order. There is still very much work to be done. In order for the ideas of renovation and improvement of the image of life, protection of the poor, and social justice to become a reality, there is a long and tedious path for the party, the people's power, and the people themselves to follow. Yet the things which are being done in Vietnam are attracting interest toward it. And we, who have embarked upon the path of radical perestroika, have something to learn and to emulate for our own good."

Progress of Vietnam's Economic Reforms Viewed

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Morning edition p 5

[Article by B. Vinogradov, *IZVESTIYA* correspondent in Hanoi: "How the Vietnamese Live Now; What Economic Reform Has Brought to the War-Torn Country"]

[Text] To start, let me make one observation. People who come to Vietnam after having been away for two to three years, those who had before been well acquainted with this country and its people, at first experience something akin

to confusion and amazement. The contrast between the former notions and the current reality is so great that in some it evokes a condition similar to shock...

Despite the great volume of information which we receive about Vietnam (whether it is sufficient or not is a specific question), despite the high degree of interest in reading and assimilating this information, few are able to compile a complete picture of the current life of the Vietnamese people by judging from the side. We are still controlled by the fixed stereotypes which were formed in the times before perestroyka. The image of Vietnam, a poor Asian country which waged war for over 30 years and which needs international assistance for the development of its economy, has proven to be surprisingly lively. It is even seemingly unaffected by the changes in Eastern Europe, i.e., in those countries which quite recently were still called part of the "socialist alliance" of which Vietnam was also a member.

What can we say, the events in the former alliance, with all their political and strategic significance, have edged out the Vietnamese topics in the newspaper columns. Reader interest in the "forward outpost of socialism, the first state of the workers and peasants in Southeast Asia", as we have become accustomed to calling the SRV, has notably declined. Perhaps this is the fault of the journalists who work there. Or perhaps the art of the new thinking and re-evaluation of values indeed requires certain sacrifices. One way or the other, however, I cannot shake the feeling that it is especially now that Vietnam deserves particular attention, that during our feverish search for a "similar model" and our timid flirtation with a market economy, it would not be a bad idea to keep Vietnamese experience in view.

If only because Vietnam, which recognized the need to change its economy over to commodity-monetary relations later than we did, has seen more success in this matter, and has long ago already overcome the psychological barriers and the attachment to classical dogma in the form of such traditional concepts for us as private ownership under socialism and exploitation of one person by another.

If not everything, then much is learned by comparison. Having begun these notes with comparisons, I propose to continue them along a simple but convenient scheme: "What was—what has become". Not for the sake of repeating what has happened, but for more clearly understanding the true state of affairs, which, I hope, will help some of us to rid ourselves of the tender-patronizing attitude toward this country which has stuck in our minds, and to view it as a partner with its own sizeable capacities and ambitions. Thus, let us return to the Vietnam of 2-3 years ago.

As I recall, within the framework of this short time there was a severe situation in the economy, a crisis of the financial system, the famine of 1968 in the north, the terrible shortage of consumer goods, and a sense of hopelessness and depression in the attitudes of the

people. There they are, right next to each other, those times when the annual rate of inflation exceeded 1000 percent, when prices crept upward unchecked and it seemed there would be no end to this, when it was a big problem to find an ordinary nail to hammer into the wall of one's apartment in Hanoi, when a lump of sugar in a simple Vietnamese family was considered a luxury which could not be permitted, when workers and employees of state institutions could not tear off their food ration cards for months at a time, and instead of lard and meat they often got substitutes in the form of vegetables and plants, when... We may go on and on applying such brush strokes to the portrait of the economy which was centrally managed, with the aid of the command system, which never had time to prove its effectiveness.

At the present time, Vietnam not only does not need aid in the form of food, but, according to the data of the American press, has even assumed third (!) place in the world after the USA and Thailand in the export of rice. Last year it exported 1.5 million tons, and this year, specialists predict, it will export even more. This is already the second season that prices on food staples have remained at the same level throughout the country, while some have even declined. And this is in spite of the fact that the free market system is in effect everywhere. For the consumer it makes no difference where to make his purchases—from the private seller or in a state store. The Hanoi central market, which has recently grown up in the old part of the city and dubbed by foreigners "Under the clock", amazes one with its abundance. What one cannot find there! Chinese sausages and fruits, Thai chocolate and fresh milk which does not sour for half a year, Soviet "Stolichnaya" vodka, cognacs, black caviar and delicatessen cheeses. I might add that for me it still remains a mystery how our meat and cheese, which one can always buy here in any quantity, gets to the Vietnamese merchants. Forgive me for such mundane attention to gastronomic products, to this prose of Hanoi life, and for my undignified approach to the illumination of spressions, even though they, as I have said, have a shocking effect on certain newcomers. As for the figures, we will get to them later.

Most obvious is the wide variety not only of food products, but also of industrial goods. On the streets of Hanoi erious topics, when I should have based my arguments on statistical data on the rate of increased growth and volumes of goods production. Yet surely the readers will forgive me for getting carried away by external, and this means evidently superficial imor Ho Chi Minh City one can buy practically anything: From the simplest consumer goods items to color televisions and personal computers. The goods come practically from all the countries of Southeast Asia, by legal and contraband means. On ships and by airlines. From foreign partners and from relatives living abroad.

At the present time, there are over 2 million Vietnamese emigrants living in the Western countries and in the USA. The most well-to-do among them invest their

capital in the SRV economy and give financial aid. In accordance with the law on foreign investments, there have already been 400 joint enterprises formed, with total capital in excess of \$1 billion. The national currency, the dong, became stable from the moment that the state banks began exchanging the dollar at the black market exchange rate. In 2 years the number of shopkeepers and owners of large stores has grown incredibly. Everyone engages in trade: The army, the militia, and even the party committees. In Hanoi alone there are over 80,000 trade outlets—3 times more than in 1988. Of course, Deputy Trade Minister Le Huu Xuan told me, the state must experience competition from the private seller, who holds almost 60 percent of the goods exchange in his hands. Nevertheless, tax privileges for state stores are being rescinded. The free market places everyone in identical conditions, under which the shadow economy loses its purpose, while speculation is transformed into normal business. According to the data of the Asian Development Bank, last year the increase in the SRV gross national product comprised 8.2 percent, and these rates will be retained in the coming years.

One cannot help but recall appropriate parallels with our own realities. It is strange, but we must conclude that these two processes—the impoverishment of Soviet trade and the flourishing of the Vietnamese—coincide in time. Only it seems that they are moving in different directions. And how bitter it was for me to hear the persistent advice given to my friends on Silk Street prior to their departure on vacation: Not to be stingy with their purchases, because in Moscow, they said, there is nothing...

Yes, the Vietnamese are changing their outlook toward us. They are sympathetic to our problems. They no longer look upon the "lienso" (Soviets) as rich people who know the future, but sympathetically and with their characteristic tactfulness they express readiness to help not only with sound advice, but also in a material manner. In my conversation with SRV Ministry of Agriculture and the Food Industry Nguyen Cong Tan, I was informed that Vietnam intends to significantly increase its deliveries of rice, coffee, meat and other food products to the Soviet Union in the current year.

Meeting with a delegation from the USSR Supreme Soviet, CPV Central Committee General Secretary Nguyen Van Linh, initiated a discussion regarding the debts owed to the Soviet Union (around 10 million rubles) and announced that Vietnam has not forgotten and surely intends to repay them. In accordance with the resolution of the Sofia session of CEMA, starting next year we are changing over to world prices and accounting in freely convertible currency. Vietnam reacted courageously and calmly to this prospect, and is ready to continue to build relations on a mutually beneficial basis.

It is remarkable that the transition to a market economy took place as if all at once, without terrors, oscillations or swinging to and fro. It is true that in 15 years after liberation of the South and unification of the country, a unified integrated system has never been

created. The remnants of the former methods of economic management continued to live in Ho Chi Minh City and other industrial centers of the southern part of the SRV. Therefore, economists believe that it presented no real problem to restore the freedom of enterprise and of the businessmen and merchants who had not yet lost the taste for private initiative. Reform began its victorious march as soon as the limitations on independent activity of enterprises, on the creation of a private sector, and on the right to hire a work force in the necessary numbers were lifted. The problems began later. And they turned out to be rather serious.

Certain enterprises of central or local subordination, finding themselves operating under the system of cost accounting, began to go bankrupt. Things did not yet go so far as denationalization, but in parliament they are already thinking of adopting a law on bankruptcy and on the sale to private parties of plants and factories which are operating at a loss. Unemployment has increased in the country. Over 10 million Vietnamese—primarily young people—have no permanent employment. Every day the press reports on new cases of abuse of work position, bribery and embezzlement. Along with the general revitalization in the business activity and the growth of production, crime is coming to the surface of social life like a murky foam.

Under these conditions, SRV Council of Ministers Chairman Do Muoi was recently forced to sign a special resolution on combatting corruption, which is taking on menacing scope. The manifestation of such negative phenomena is perceived in the ruling circles as an inevitable evil which bears a temporary character, like a disease which is treatable. The courts and organs of the procurator's office are working at increased load, but the primary mission of cleansing society of the "thieve's leprosy" has been assumed by the party. We cannot allow, noted the newspaper NHAN DAN that our socialist ideals and values, for the sake of which we have suffered so many sacrifices and staged a revolution, become eroded in this transitional period.

In spite of all the sympathies and respect for our perestroika, the Vietnamese are defending their right to independent development. Bravely and energetically implementing economic reforms, they are in no hurry to make changes in the political system which has emerged. In an interview with your correspondent, Nguyen Van Linh emphasized that at the current stage, the leading and guiding force of Vietnamese society remains the CPV, and there is neither the room nor the necessity for the existence of other parties within it. The role of the vanguard belongs only to the CPV, which knows how to admit its errors and correct them in time, he pointed out. Political pluralism as such is deemed historically unacceptable and contraindicated for Vietnam, since it, in the opinion of the party leadership, would mean a step backward, to the division and split of the country, from which the nation suffered in past decades. However, this does not mean that the citizens of the SRV do not have sufficient possibilities for expressing different opinions. On the outside, everything

looks like it should in a democratic state: There are heated discussions in parliament, sharp critical articles in the newspapers, strikes by workers and spontaneous demonstrations by peasants, and dissatisfaction with some decisions of the authorities.

Economic achievements give rise to social stability. There is no doubt of this. However, it would be incorrect to assume that in Vietnam the renovation of the economy does not touch upon the political system. Of course, the system itself is changing, or more precisely, it is skillfully adapting to new conditions, correcting its course and policies in a timely manner, without letting control of the social process and of the press out of its hands.

The central newspapers report with great regret about the fact that in the countries of Eastern Europe the communist parties, having lost their connection with the people, have also lost power. The lexicon of headlines and theoretical articles is, as before, filled to the limit with such terms familiar to all of us as "imperialism",

"class enemies of socialism", "ventures of reactionary forces", etc. Referring to the consequences of the "political hurricane" which has torn through the East European countries, the authors of such articles call for revolutionary watchfulness and the need for raising the banner of socialism even higher.

And now about one more stereotype. Until recently we had the habit of associating all the achievements and successes of Vietnam with Soviet aid. The leaders themselves emphasized this cause-and-effect dependence at every convenient turn in their official speeches and presentations. That was all so. Soviet aid, directed primarily toward the creation of the infrastructure for the current economy of Vietnam, cannot be underestimated. However, the tendency is such that already in the near future it will be reduced. They understand this very well in Vietnam, where they are calmly moving toward the oncoming changes and successfully refuting the persistent opinion that Vietnam cannot develop without large-scale aid and Soviet credits. I believe that in another 2-3 years we will be all convinced otherwise.

Soviet POW Revolt at Bada-Bera Camp, Search for MIAs Described

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[Four-part article by KRASNAYA ZVEZDA special correspondent Lt Col A. Oliynik, datelined Moscow-Kabul: "Secret of the Bada-Bera Camp: A Journalist Investigates"]

[21 Jul, p 5]

[Text] Today we are learning to state the truth about the war in Afghanistan, no matter how bitter that truth might be. A clearly-defined assessment has now been made of the incorrect actions of those who made the decision to put troops into Afghanistan, and at the same time due credit has been given to those officers and men who are in no way responsible for the mistakes of the politicians and who were honorably carrying out their military duty. A great deal has been written about this war. The true heroes are becoming known, and the pseudo-heroes are being debunked. But how many "blank spots" does the history of this war contain, a war filled with contradictions and dramas, a war which ended for us more than a year ago? One of these gaps is the revolt by a group of Soviet and Afghan prisoners of war at the Bada-Bera camp in Pakistan in April 1985.

The first reports cropping up in the media about this prisoner revolt made quite a sensation. Many of our readers probably remember this. Unfortunately information about the revolt and those who took part in it was extremely meager, and nothing new about the events at Bada-Bera had been established even many years after these events. But now we finally have the opportunity to clear up some of the details. Our special correspondent, who recently returned from Kabul, found, with the assistance of people at Afghanistan's Ministry of State Security, a number of documents which pull back the curtain of secrecy around the revolt at the Bada-Bera camp. He was also able to interview several Afghans who had been witness to and participants in these events, and he was able to learn some of the names of our fellow countrymen who took part in the POW revolt.

"I Was an Eyewitness..."

For a long time it was believed that there were no surviving eyewitnesses to the POW revolt at Bada-Bera in the spring of 1985. And it seemed that the exploit of our boys, who were imprisoned in underground cells and who perished as flaming walls collapsed around them, would remain for a long time, if not forever, shrouded in legend and missing actual details and specific names. Fortunately this has not happened. I had a quite felicitous encounter this summer in Kabul.

...In December 1984 a 30-year-old native of Rukheh by the name of Muhammed Shah, son of Abdul Mohammad, who was working as a truck driver in Kabul, decided to risk a

journey to Peshawar. He wanted to look for his wife and daughter, who had gotten lost among the three and a half million refugees in the Pakistani provinces adjoining Afghanistan. In the little town of Balg, Muhammed was suddenly taken into custody by mujahidin of ISA—the Islamic Society of Afghanistan. The pretext for his detention was a security pass to a Kabul motor transport enterprise which was found when they searched his person. They suspected that he was a member of KhAD—Afghan State Security. He was taken to Peshawar, where he was interrogated at length and tortured. Having gotten nothing out of him, they incarcerated him in the prison at the Bada-Bera camp. Muhammed was one of the few prisoners to escape from Bada-Bera in April 1985. Today he is once again driving a heavy KamAZ truck, has trucked all over Afghanistan, and has been in Termez. During our conversation Muhammed broke out crying at the mention of Bada-Bera: he owes his life to the "shuravi"—the "Soviets." Let us first hear his account.

"I spent about four months in the prison at Bada-Bera. The conditions there are horrible: stone walls and floors, sleeping on wooden plank bunks, without any mattress, and being fed like animals. We Afghans, most of whom were former officers of the government forces, were forced to labor all day, from early in the morning, under the blazing sun. We were building supply storage facilities and housing for the mujahidin, and we unloaded trucks carrying ammunition and rockets. It was awful. It was apparent that we were doomed; our guards did not consider us human beings, and they tormented us as whim dictated. This would frequently be witnessed by 'whites,' as foreign advisers were called by the people at the camp.

"About the end of the third month we were marched out to unload artillery shells. Suddenly another group of prisoners, under heavy guard escort, was marched up to another truck. To our surprise, these other prisoners were Russians. There were only 12 of them, almost all bearing marks from shackles and physical beatings. They maintained good spirits and helped one another. We were unable to exchange a single word with them at the time: the guards were closely watching every one of the 'shuravi,' and the ammunition trucks were standing at some distance from one another. A few days later I again encountered Russian prisoners. This time I was able to exchange a few words with one of them, a young light-haired lad (in Kabul I had worked together with Soviet specialist personnel and knew a little Russian). He related to me in a whisper, in pretty fair Farsi [Persian], that the mujahidin had been secretly holding them in the underground cells at Bada-Bera for several years now, subjecting them to abuse and torture.

"I saw the Russians for the last time on the day of the revolt. It was already dark. Suddenly we could hear loud noise and the sound of people running in the prison corridor. Within an instant we were on our feet: you sleep lightly in a prison cell. Somebody started striking heavy blows on our door, until the hinges parted. Two 'shuravi' and an Afghan, eyes blazing and carrying assault rifles, looked into our cell. I shall never forget the Russians' flashing eyes, filled with anger and resolve.

'We have taken out the guards and seized weapons,' one of them, a tall, shaggy-headed lad, shouted at us. 'You're free; run,' the Afghan added. "Make your way into the mountains as quickly as possible....'

"Running out into the prison yard, we saw that the Soviet and some of the Afghan prisoners were dragging heavy weapons, mortars, and Chinese-made machine-guns onto the roofs of the munitions storage buildings. At the time I did not realize why they were doing this, what they had in mind. I took off, together with several Afghans, for the prison gate, which was standing ajar. I don't remember where or how long I ran. As dawn was breaking in the east, I finally realized that I had succeeded in getting away alive and had made it to the safety of the mountains. My entire body was shaking.... I could still hear for some time the sound of weapons fire coming from the direction of the camp, as well as the far-off sound of explosions. It was only after returning to Kabul that I learned from soldiers how the POW revolt at Bada-Bera had ended. I do not know the precise names of the Russians but, as Allah is my witness, I shall remember them with the greatest affection as long as I live...."

I was filled with emotion as I listened to this Afghan's meager, artless account, and it came to me that his story evoked more questions about the revolt at Bada-Bera than it provided answers. How had these dramatic events actually come to pass? Who were those who had taken part in the revolt at the fort, and why did it fail?

Nameless Prisoners

The area around Bada-Bera is similar to hundreds of other Afghan refugee camps. Their flat-roofed mud huts and clusters of bleached-white, patched and repatched tents are densely scattered throughout the entire territory of the North-West Frontier Province, which lies along the border with Afghanistan.

This tent city is still called "place of sorrow." More than 8,000 Afghans found haven here, only 30 kilometers to the south of Peshawar, headquarters center for the Afghan opposition forces. They were torn from their native localities by the whirlwind of the April armed uprising which took place in Kabul in 1978, under the direction of the PDPA—the People's Democratic Party of Afghanistan—and by the civil war which subsequently erupted. The years pass in terrible poverty and extremely cramped quarters, with the refugees subsisting on the meager pittance provided by Pakistani emissaries.

But there was a different, more frightening life at Bada-Bera, where people prayed not only to Allah. The somber towers of the ancient Bada-Bera fort, from which the entire area took its name, rise practically at the very center of the camp. The fort is ringed by a mud wall eight meters high, and machinegun guard towers stand at the corners. An armed mujahidin guard detail is always standing duty by the tightly-shut iron gates.

According to the descriptions of eyewitnesses, this is how the main entrance to the rebel military training center of the ISA—one of the seven most influential Afghan opposition parties which formed the "Peshawar Seven"—looked in 1985.

From agent reports on file with Afghanistan's Ministry of State Security: "The ISA rebel training center attached to the Bada-Bera Afghan refugee camp (30 km south of Peshawar) covers an area of 500 hectares. Three hundred trainees—members of ISA—receive training at this facility. The training course runs six months. The staff of instructors (65 in all) consists of Egyptians and Pakistanis. The training center commanding officer is a major in the Pakistani armed forces by the name of Qudratullah. He has six American advisers. The name of the senior adviser is Varsan. Upon completing training, the trainees are dispatched to Afghanistan to serve as ISA leaders at the provincial, district and county level in Nangarhar, Paktia and Kandahar provinces.

"Six weapons and ammunition storage buildings are located at the center, as well as three prison units set up underground. According to agent reports, Afghan and Soviet prisoners of war captured in combat operations in the years 1982-1984 are incarcerated there. They are kept isolated, and an extremely harsh regimen is maintained. December 1984." (To be continued)

[24 Jul, p 3]

[Text] The leader of the ISA party, Professor of Theology Burhanuddin Rabbani, had personally taken the training center under his wing. A fundamentalist in his political views, with a bachelor's degree in philosophy and Islamic law, he was in actual fact a fanatical terrorist whose conscience bore numerous crimes committed against his own people.

Rabbani not only personally selected from among the refugees and military deserters future "warriors of Islam" for training at the center. On his instructions, certified by his own personal triangle-shaped seal, another group was also regularly added to: prisoners of war, both Afghan and Soviet.

The prisoners were kept in the most inaccessible part of the fort, which was directly adjacent to the village of Linzani and was separated from the rest of the fort by a thick wall. There were supply storage facilities in this part, where weapons and ammunition earmarked for the rebels were stored, but this part of the fort also contained underground isolation cells. In one corner of this crowded rectangle stood a tower, from which the twin barrels of an antiaircraft machinegun pointed toward the center of the prison courtyard.

Who was being kept in the underground cells and what went on there was a secret. None of the rank-and-file residents of the training center had access to that part of the facility. The kitchen workers even had to leave the prisoners' food—big cans of soup—in front of a door with a small barred window. The guards would carry the

cans in. Only a limited number of persons knew about the presence of Soviet prisoners.

The inmates of this underground prison were nameless. Islamic names were assigned to them in place of their first and last names. They wore identical long shirts and wide trousers. Some wore rubber overshoes without socks, while others wore "kersey" [waterproof, dark-dyed, strong, tight-weave multi-layer cotton fabric processed with film-forming substances into a leather substitute] boots with cut-off tops. Some of the prisoners, the most refractory and recalcitrant, were branded in the manner of the fascist butchers, were shackled in chains, starved, and "chars" and "nasvay"—the cheapest narcotics—would be slipped into their meager rations.

"Breathing the Smell of Death"

The "masters of the nether world," as the prison guards were called by their foreign advisers, thought up the most sophisticated tortures. They took particular pains to ensure that a person "breathed the smell of death" from the very first hour of captivity. Sometimes they would strip skin from particularly recalcitrant prisoners before the new arrival's eyes, would cut off ears and tongues, chain prisoners to decomposing corpses, and every day they would flog them with steel rods. The idea was that fear subdues the stanchest and most recalcitrant. They sought to persuade the nameless "shuravi" to accept Islam and forced them to perform religious rites and to undergo circumcision, to the hissing accompaniment of lead-tipped cat-o'-nine-tails.

"The fate of captured Soviet personnel was usually horrible," French reporter Alain Guyot, who had made frequent visits to rebel bases, related to me in Kabul in the fall of 1988.

"Once I was witness to a terrible spectacle. A Russian prisoner was made the center of attraction. The game, if it can be called a game, was called buzkashi. It is a unique kind of Afghan polo, in which a headless sheep carcass is used as the ball. The horsemen fight over it, snatching it from one another. In this case the unfortunate prisoner was used in place of a sheep. He had been pretty well shot up, through the collarbone and legs, and he was literally torn to bits...."

In December 1987 the author happened to interview an individual by the name of Dmitriy Buvaylo at the Limited Soviet Forces detention stockade in Kabul. Literally on the previous day our KGB people, working jointly with the Afghan KhAD, had succeeded in exchanging for convicted rebels this underfed lad from Khmelnitskiy Oblast, who had been captured due to his own carelessness. Dmitriy spent nine months in captivity, and during this time the mujahidin torture chambers had changed him beyond recognition. He was barely recognized by his comrades when they were called in to identify him. He had difficulty speaking his mother tongue, and he did not immediately remember his name or where he was born. During our interview Buvaylo, his hands shaking, smoked one cigarette after another, and

his gray, emaciated face and somehow estranged, wasted gaze indicated that he had not yet quite become accustomed to the thought of freedom.

"I shall never forget to my dying day what the mujahidin did to me," Dmitriy spoke slowly, groping for words. "On the day I was captured they beat me brutally, and stripped me of my uniform and footgear. They kept me for several days in a camouflaged-entrance cave in the mountains, in manacles. In the prison near Peshawar, where I was confined, we were fed nothing but scraps. Sometimes after eating I would have a strange sensation of being both excited and depressed at the same time. Some time later an Afghan cellmate told me that it was the effect of narcotics which had been placed in the food. In prison the guards made me study Farsi, memorize suras from the Koran, and pray for 8 to 10 hours every day. They would beat me bloody with lead clubs for any act of disobedience and for mistakes in reciting the suras.

"Western correspondents would frequently visit us in prison. They brought a lot of anti-Soviet literature and would relate enthusiastically what a wonderful life awaited me in the West if I agreed to go there. They clearly hinted that if I did not, an agonizing death awaited me in this dungeon, or else a concentration camp in Siberia. I stood my ground: I wanted to go to Afghanistan. I was hoping to get back to my own people from there. Neither their beatings nor their humiliations could compel me not to think about returning to my homeland. Although, quite honestly, I did not know what I could expect there." (Private Buvaylo completed his service obligation back in the USSR and is presently living and working in his native Khmelnitskiy Oblast—author's note).

We now know a good deal about the fate of the 330 Soviet servicemen officially listed as missing in action in the Afghan war. The first MIAs date from January 1980, when four military advisers failed to return from an Afghan army regiment in which a mutiny had broken out. We also know that some of the POWs in Afghanistan were chosen by fate, while others chose for themselves the fate of prisoner of war....

On Rabbani's orders, only those "shuravi" who had been captured in combat, who had put up resistance, who were considered "incorrigible," and who had failed to embrace the Muslim faith were sent to the fort's underground cells—the ISA's main prison.

From Afghan Ministry of State Security agent reports: "According to agent reports, 12 Soviet and 40 Afghan prisoners of war, captured during combat operations in the Panjshir and Karabagh in 1982-1984, are secretly being kept in the underground prison at the Bada-Bera camp in Pakistan. Soviet prisoners of war also have been given Islamic names: Abdul Rahman, Rahimuddin, Ibrahim, Fazl-e Khuda, Qasim, Muhammad Aziz the Elder, Muhammad Aziz the Younger, Quaid, Rustam, Muhammad Islam, Islamuddin, and Yunus, also known as Viktor. A prisoner by the name of Quaid, an Uzbek by

nationality, unable to withstand the beatings, went insane in February of this year. All these persons are confined in underground cells, and communication between them is absolutely prohibited. The prison commandant, Abul Rahman, gives a severe flogging for the slightest violation of prison rules. February 1985."

In the mujahidin torture chambers it seemed that there was no way a prisoner would ever get back home. Iron-clad oaken doors, high walls with guard towers, a long, incredibly dangerous and arduous journey across the outrider spurs flanking the Khyber Pass, heavily mined with booby traps, past invisible cordons of Pakistani border militia and mujahidin ambushes—and all these obstacles had to be crossed by an exhausted, weakened prisoner in order to gain long-awaited freedom. A person had to possess an inexhaustible store of energy and courage, strength of will and love for the homeland in order to conquer all the obstacles on this road home—a road of terror and death!

But many were frightened not so much by the mortally dangerous road back to the homeland as by the strange silence on the part of their country's official representatives, diplomats on both sides of the border, in both Pakistan and Afghanistan. For a long time all official authorities remained silent about the fate of our soldiers who had been captured during the Afghan war. The mass media were kept on a short leash by the censorship office. Suffice it to say that KRASNAYA ZVEZDA was one of the first central newspapers to address the problem of Soviet prisoners of war in Afghanistan, in ...1987. Unfortunately, prior to that time there was no possibility of publishing articles on this subject.

The mujahidin and their masters from the U.S. and Pakistani intelligence services were counting, with good reason, not only on the secret underground prisons and the strength of their gates, locks and chains, but also on the indifference of the Soviets toward their imprisoned fellow countrymen. The appropriate authorities knew well that the laws of the Stalinist times still prevailed in this country in regard to prisoners of war, when the person of a soldier missing in action was considered to be "outside the law," and his name was automatically associated with treason and would be blacklisted as politically suspect.

This is probably what was guiding the thinking of prison commandant Abdul Rahman when he gradually began using the nameless prisoners on work details. At the beginning of 1985 files of living skeletons, the faces, arms, and legs of whom bore terrible open sores as well as black-and-blue marks from physical beatings and from wearing shackles, commenced to be seen in the camp compound, materializing like ghosts. Under heavy guard escort, they would work on unloading heavy crates containing small-arms ammunition and rocket-propelled grenade launcher rounds, artillery shells and rocket rounds. Those who fell, toppled by a too-heavy load, would be brought to their feet with truncheons and rifle butts. The majority of prisoners were clearly aware that

it was hardly likely that they would ever get out alive from the fort's underground cells or survive until released.

Last Stand

And then suddenly the unforeseen happened. On the evening of 26 April, when all training center personnel, led by a mullah, were raising their arms skyward and whispering "Allahu Akbar" [Allah Is Great], gunshots were suddenly heard. Closely-spaced bursts of automatic-rifle fire and the muffled sound of rocket-propelled grenade launchers were coming from that part of the fort compound where the underground confinement cells and weapons and ammunition storage facilities were located. Shouts and commands in Russian and Dari could be heard through the rocket grenade bursts and the frantic crackling of automatic-weapons fire. A prison revolt was in progress.

The entire Bada-Bera fort and the area around it was in a state of alarm. A general alarm was sounded in the mujahidin barracks: training center trainees and instructors were running around in panic.

The prisoners did not succeed in accomplishing a quiet escape. According to some sources this happened because, as they were disarming one of the guards, he succeeded in squeezing off a round, thus sounding the alarm. According to other sources an act of betrayal occurred during the escape attempt. One of the Soviet prisoners, called Muhammad Islam, lost his nerve. Assigned to guard prison guards who had been disarmed, gagged, and locked in a cell, he freed one of them, and the two of them succeeded in making their way out of the prison courtyard undetected.

The enraged "warriors of Islam" rushed toward the prison gates to subdue the "shuravi." The twin-mount antiaircraft machinegun blocked their advance with a hail of lead. It was clear to the prisoners that their plan for a mass escape aboard seized trucks had failed. It is probable that they made the decision to resort to the last right they could claim: to make a last stand in the fort. To die as free men.

As soon as news of the armed revolt reached ISA headquarters in Peshawar, Rabbani and his retinue proceeded to the fort in all haste. On his orders the camp commandant commenced negotiations with the prisoners, calling upon them to cease resistance "while it is not too late" and to lay down their arms in exchange for a guarantee that their lives would be spared and that they would be able to go to any country in the West.

The prisoners rejected the ultimatum and demanded that representatives of the Soviet or Afghan embassies in Pakistan be summoned to Bada-Bera, and that the traitor be handed over.

Their demands were answered with gunfire. The mujahidin launched a second assault on the walls of the fort.

Once again they were met with aimed bursts of assault rifle and machinegun fire. Establishing a perimeter defense from the guard towers and roofs of buildings, the Soviet prisoners and a portion of the Afghan prisoners offered fierce resistance, repelling one assault after another.... Early the next morning Rabbani made a personal appeal by bullhorn to the recalcitrant "shuravi." Bringing all his orator's skill to bear, he attempted to persuade them of the uselessness of further resistance and called upon Allah as a witness that all of them would be forgiven—the Lord is merciful.

But the prisoners were well aware of the value of the words of this bloody amir. They demanded that representatives of the UN or the International Red Cross be summoned as guarantor. Rabbani promised to think it over, although he was well aware that to meet the prisoners' demand meant making public the fact that Soviet and Afghan prisoners of war were being secretly incarcerated in Pakistan, which had declared itself neutral, constituting a gross violation of elementary standards of international law.

Mujahidin detachments and Pakistani troops were given the order to use any means necessary to finish off the unbending "shuravi." Heavy artillery delivered direct fire on the prisoner positions and ammunition storage buildings. A section of Pakistani "helicopters" dive-bombed the fort....

Who knows how long this battle would have lasted, between a handful of condemned men and forces which were superior by a factor of tens or hundreds. It probably would have gone down to the last cartridge, to the last man—they were expecting no mercy from their tormentors....

Suddenly, as the battle was raging, a powerful explosion shook the walls of the fort. The munitions storage buildings began exploding one after the other: a direct hit by an artillery shell or, what was even more probable, by a bomb had caused the rockets stacked in the storage buildings to detonate. According to the testimony of one of the refugees at Bada-Bera, a 45-year-old Pathan by the name of Abdul Basir, the explosions were so powerful that shell and rocket fragments were penetrating through the mud roofs of refugee domiciles as far as a kilometer from the explosion site.

When the thick dust and smoke over the fort finally settled, the mujahidin burst into the demolished prison compound. They looked for the rebellious Russian prisoners, but almost all the mutineers had been killed by the munitions explosions. Only the groans of several wounded prisoners could be heard, coming from under the smoking rubble. The enraged mujahidin dragged the survivors into a corner of the compound and... dispatched them with hand grenades.

[Second Edition, 25 Jul, p 3]

[Text] Documentary Evidence

I should state at the outset that some of the documents repeat already-known facts. The author did this intentionally in order to emphasize that the details of the

revolt at the Bada-Bera fort are not fabrication but rigorously established facts. Not only Afghanistan's Ministry of State Security but also various Soviet ministries and agencies—in particular, the USSR Armed Forces General Staff—were involved in obtaining these materials. At one time these documents were classified Secret, and naturally they were not intended for wide dissemination. They have never before been made public.

From a report to the Chief Military Adviser in Afghanistan, Army Gen G. I. Salmanov: "On 23 May 1985 an agent arrived from Pakistan..., who had been tasked with obtaining information about the events at the Bada-Bera Afghan refugee camp. Having completed his intelligence mission, the source reported the following: on 26 April at 2100 hours, when all training center personnel were assembled on the parade ground for the evening nemaz [salat—prayer], former Soviet military personnel took out six posted guards by the artillery munitions storage buildings and on the guard tower and freed all prisoners. They were unable fully to execute their plan, since one of the Soviet prisoners of war, known as Muhammad Islam, defected to the mujahidin during the prisoner uprising.

"At 2300 hours, on orders by B. Rabbani, a mujahidin regiment under the command of Khalid Ibn Walid went into action and surrounded the prisoners' positions. The ISA leader called upon them to surrender, a demand the prisoners rejected in no uncertain terms. They in turn demanded that the defecting soldier be turned over to them and that representatives of the Soviet or Afghan embassy be summoned to Bada-Bera.

"Rabbani and his advisers decided to blow up the artillery munitions storage buildings in order to destroy the rebelling prisoners. At 0800 hours on 27 April Rabbani gave the order to open fire. In addition to mujahidin forces, artillery units and combat helicopters of the Pakistani armed forces took part in the assault. Following several artillery volleys, the munitions storage buildings exploded. The following were killed as a result of the explosions: 12 former Soviet military personnel (names and ranks not established); approximately 40 former members of the Afghanistan armed forces (names not established); more than 120 mujahidin and refugees; six foreign advisers; 18 Pakistani officials.

"According to the source's information, it was reported to the Zia-ul-Haq government that the rebelling prisoners themselves had blown up the artillery munitions storage buildings, taking their own lives in the process.

"Col Yu. Tarasov, 25 May 1985"

Annex to report (based on Democratic Republic of Afghanistan Armed Forces covert agent intelligence, 24 May 1985): "On 29 April Lt Gen Fazil Haq, governor-general of the North-West Frontier Province, visited the Bada-Bera camp to receive a personal briefing on the conflict at the camp. The commanding officer of the training center, Major Qudratullah of the Pakistani armed forces, together with U.S. advisers, briefed him on the incident and the results of the explosion of the

artillery munitions storage facilities. The governor-general departed that same day for the camps at Islamabad, where he met with the country's president, Zia-ul-Haq. It was learned that the head of the Pakistani government decided to declare as classified all information dealing with the events at Bada-Bera."

From a radio intercept intelligence summary, Headquarters of the 40th Army in Afghanistan, for 30 April 1985: "On 29 April the leader of the IPA—the "Islamic Party of Afghanistan"—G. Hekmatyar, issued an order, which stated: '97 brothers were killed or wounded as a result of an incident which took place at a mujahidin training camp in Pakistan's North-West Frontier Province.' He instructed the commanders of the IPA fronts to strengthen details guarding captured prisoners of war from the Limited Soviet Forces. The order contained instructions 'henceforth not to take Russian prisoners' and not to send them on into Pakistan, but rather to 'kill the Russians at the place of capture.'" (This directive was circulated only among IPA detachments, remained in effect throughout 1985, and was rescinded under pressure by U.S. advisers—author's note).

From a report to the General Staff of the USSR Armed Forces from the Soviet military attache in Islamabad, Capt 1st Rank V. Smolyar: "A press conference for local reporters and foreign correspondents was held in Islamabad. ISA leader B. Rabbani, who addressed the journalists, characterized the incident at the Bada-Bera camp as 'internecine strife among mujahidin of different ethnic affiliation.'

"Pakistani authorities and counterrevolutionary leaders have taken the following measures to conceal the truth about the actual events at the Bada-Bera camp: all Soviet prisoner-of-war interrogation documents and materials have been confiscated and are in the hands of the Pakistanis; entry into and exit from the refugee camp area is being kept under tight control by mujahidin and Pakistani troops; all contacts with the local population by the Soviet and Afghan embassies is being closely monitored and is being kept under strict control.... 6 May 1985"

The Pakistani authorities and ISA headquarters used every means at their command in an attempt to conceal from the public what had transpired at Bada-Bera as well as the reprisals taken against the Soviet and Afghan prisoners of war. Authorities confiscated the entire issue of the Peshawar magazine SAFEER which discussed the prisoner revolt at the fort. Their attempt to conceal the truth was unsuccessful, however. The popular left-wing Pakistani newspaper MUSLIM was the first to report the revolt by Soviet prisoners at the Bada-Bera camp. This item was picked up by Reuters and the Associated Press as a major news sensation.

On 9 May International Red Cross representative David Delan-Rand paid a visit to the Soviet Embassy in Islamabad and confirmed the fact of the armed prisoner revolt at the Bada-Bera camp. This incident attracted the

attention of the public. An order came from Moscow to our intelligence services in Afghanistan: establish the details of the prisoner revolt and learn the names and ranks of the nameless prisoners at Bada-Bera.

On 11 May Soviet ambassador to Islamabad V. Smirnov delivered to President Zia-ul-Haq a vehement protest over the reprisals taken against Soviet military personnel on Pakistani soil. The Ministry of Internal Affairs of the Democratic Republic of Afghanistan also lodged a protest. A response note by the Pakistani Ministry of Foreign Affairs claimed that the incident at the camp had been caused by an internecine conflict between two mutually hostile mujahidin groups, and that everything else was irresponsible invention on the part of Pakistani and foreign journalists. The note also stated that "there were no and are no Soviet military personnel on Pakistani soil."

Such a hypocritical position on the part of Pakistan is of course not mere happenstance: except for general phrases such as "Pakistan bears full responsibility for the incident," contained in the note from the USSR Ministry of Foreign Affairs, no other sanctions were taken against the Zia-ul-Haq regime. Why was this? Replying to this question, A. Alekseyev, deputy chief of the Southeast Asian Countries Directorate of the USSR Ministry of Foreign Affairs, diplomatically stated that it is not easy to explain this at the present time. Former foreign minister A. Gromyko is now deceased, and almost all top officials at the Ministry of Foreign Affairs have subsequently been replaced....

Another high official at the Ministry of Foreign Affairs, who asked me not to reveal his name, believes on the contrary that at that time our diplomats, on the basis of those meager facts, which in many respects are both debatable and conflictive, did everything in their power to draw the attention of the international community to this barbaric crime. The dictatorial Zia-ul-Haq regime, however, flatly denied all accusations leveled at it.

Why is it then that the Soviet Union, a permanent member of the Security Council, did not bring this matter before the United Nations? Incidentally, the government of the Democratic Republic of Afghanistan did just that. Its permanent UN representative, M. Sharif, sent a letter on 16 May to the UN Secretary General, which was distributed as an official document of the General Assembly and Security Council. We remained silent, however. It is obvious why, for otherwise many other facts pertaining to our involvement in the Afghan war, numerous casualties in the course of combat operations, dozens of MIAs, etc., would inevitably have been revealed. It is most probably because of this, as has happened repeatedly during the course of our history, that diplomats hastened to "forget" as quickly as possible this tragic incident of the Afghan war. And also to forget... our fellow countrymen.

In short, as often has happened in our history, nobody is made responsible. It is my profound conviction that if

back then in April 1985, hot on the heels of the events in question, we had displayed persistence, we would have with certitude learned the details of the deaths of our fellow countrymen at the Bada-Bera camp as well as their names.

"An Officer Was In Charge...."

According to eyewitness testimony and agent reports, the prisoner revolt was led by a Soviet officer known as Abdul Rahman, about 35 years of age. Who was this Abdul Rahman? Whose name is hidden behind this Islamic sobriquet? These are difficult questions. And we have no clear, unequivocal answers at the present time.

Before attempting to present any views regarding specific names, I shall cite one more eyewitness testimony. In my opinion it is the most reliable and valuable eyewitness account, which reveals details about the dramatic events at Bada-Bera fort. We are talking about an account given by Gul Mohammad, an Afghan army officer, who spent three and a half years in the underground torture chambers together with the Soviet POWs who took part in the prisoner revolt.

In spite of all efforts, I was unsuccessful in locating Gul Mohammad in Kabul. The Afghan Ministry of State Security has on file a detailed account by Gul Mohammad about the prisoner revolt at the Bada-Bera camp and about the Soviet soldiers who took active part in it. Here are some excerpts from this eyewitness account.

"At the beginning of March 1985, at a secret meeting, the Soviet prisoners decided to organize a mass escape from the fort's prison," relates Gul Mohammad. "At first they did not let us Afghan prisoners in on the plan. I first learned about it from my friend Viktor, who was teaching me Russian during the brief moments we were able to get together. All the Afghan prisoners loved him for his kindness and his integrity. According to Viktor the Soviet soldiers, led by Abdul Rahman, had taken part in discussing the escape plan.

"Viktor passed on our conversation to Abdul Rahman, telling him that I was ready and willing to take part in the escape and that I would be able to show them the road by vehicle and to guide the escapees to the Afghan border. I soon met with Abdul Rahman and confirmed my willingness, and I gave him the names of those Afghans who could be trusted. The officer advised me that the escape was to take place at the end of April.

"On the morning of 25 April a convoy of trucks carrying ammunition drove up to the munitions storage buildings. We worked all day unloading them, together with the Russians. We stacked some of the crates with rockets right in the prison courtyard. On the evening of 26 April, pretending to be making preparations for prayer, the Soviet prisoners and the Afghans, on Abdul Rahman's command, took out the guards. Abdul himself disarmed and killed the first guard. A firefight ensued, at several points becoming savage hand-to-hand combat. The

Soviet soldiers and those Afghans who had not managed to escape fought off the first assault and took up a defensive position on the roofs of the storage buildings and on the guard towers....

"By some miracle I managed to escape in the confusion after the ammunition storage buildings blew up, at which time our Russian brothers perished. I believe that I could identify from photographs my Soviet friends who were killed.... 16 October '85."

According to the account of Afghan Ministry of State Security officials, and according to documents, Gul Mohammad was shown photographs of approximately 20 Limited Soviet Forces personnel listed as missing in action in those parts of Afghanistan controlled by rebels of the ISA. He was able to identify only two Bada-Bera prisoners from these photographs. They did not include the Soviet officer whom we know as Abdul Rahman.

I was not at all surprised that the Afghan officer was unable to identify his fellow prisoners. The fact is that the majority of photographs of the MIAs were from their service record file, party and Komsomol cards. People changed to a state of unrecognizability after going through the ordeal of torture and mistreatment in the mujahidin torture chambers. Add to that the growth of beard and moustache, and the puffiness of face caused by starvation and beatings.... It is possible that the photographs shown to Gul Mohammad were in fact, other than the two identified individuals, not prisoners in those underground cells. If we assume that the information pertaining to Abdul Rahman is accurate and that he had indeed been captured by the rebels in 1980, we can determine by process of elimination the identity of the person behind this sobriquet. According to information obtained from the USSR Armed Forces General Staff, in 1980 five of 57 MIAs were officers. Of these five it is most probable that it was Lt Col Serafim Tikhonovich Kunitsyn, adviser to an Afghan Army infantry division engineer service chief.

Very little information is available on his capture by the rebels of Ahmad Shah. Perhaps his comrades in arms in Afghanistan will respond, or those with whom he served in the Odessa Military District up to 1980. I repeat, however, that this is only one possibility, which should be thoroughly checked out and proven.

[First Edition, 26 Jul, p 3]

[Text] **Who Is Hidden Behind the Sobriquets?**

Viktor, also known as Yunus, was Abdul Rahman's closest aide and an active participant in the prisoner revolt. He is designated as "Viktor from the Ukraine" in Afghan Ministry of State Security materials and in documents of the USSR KGB Special Section, 40th Army. We know more about him than any of the others: most important, there is the probability that he is Soviet Army civilian employee Viktor Vasilyevich Dukhovchenko. Viktor was one of the two persons identified by Gul Mohammad.

Dukhovchenko was born in Zaporozhye in 1954, a Ukrainian, and was married. He went voluntarily to Afghanistan on 25 August 1984. He worked as a diesel engine operator in the Bagram garrison quarters and utilities unit. He disappeared on New Year's Eve, 31 December 1984, as he was on his way, alone, to the neighboring logistic support battalion, where he was planning to celebrate New Year's Eve with friends.

According to information I obtained from Parwan province security officials, Dukhovchenko was captured by an ISA terrorist group led by one Fatah in the village of Kala-Bulai.

Statements by his friend WO Sergey Chepurnyy, who hailed from the same area, and by his mother, Vera Pavlovna, whom I interviewed, indicate that Viktor was strong-willed, of daring nature, and a person of considerable physical endurance. Lt Col Ye. Veselov, who worked for a long time on efforts to free our POWs from mujahidin captivity, believes that it is highly probable that Viktor could have become an active participant in the prison revolt.

Muhammad Islam was the other person Gul Mohammad identified from the photographs. He is that prisoner who lost his nerve during the revolt and decided to save his own skin at the price of betrayal. I do not know all the details, and I do not want to judge him. At the present time there is no documentary or absolutely precise corroboration of that betrayal, and I am unable to state his real name.

...Over the course of more than four years, while working on this material, the author gathered, piece by piece, individual facts and documents, talked with those who had succeeded in escaping from mujahidin captivity, and interviewed intelligence officers, both Soviet and Afghan.

In spite of all efforts, at the present time we are unfortunately unable to state with assurance who of the more than 300 MIAs in Afghanistan was incarcerated in the prison at Bada-Bera.

"We want to, we must learn the entire truth about our sons, no matter how painful it might be," many mothers, their pain evident, told me at a congress of the All-Union Association of Families of Soviet Prisoners of War, held in December of last year. It is for this reason that I am venturing to present complete descriptive portraits of the Soviet prisoners at Bada-Bera, put together on the basis of the recollections of Afghans Mohammad Shah, Gul Mohammad, and others. Perhaps from these descriptions somebody will recognize father, son, or husband.... And if this happens, may they forgive the author for the unintentional pain this causes....

Here it is, the meager information and the names borne by Soviet prisoners in the main prison of the ISA:

1. **Abdul Rahman:** Russian, light-red hair, gray eyes, long, straight nose, dark complexion. Height about 2 meters,

broad-shouldered. Was wearing a moustache and beard, was about 35 years of age. Has a father, mother, brother, and wife. Officer, rank unknown. He was captured by the forces of Ahmad Shah Masud in 1980 in the Ravzah area of the Panjshir valley. He was transported to Pakistan that same year. The escape plan was set up at his initiative.

2. **Rahimuddin:** Russian, light hair, green eyes, large, straight nose, dark complexion, scar on forehead and tattoo on right arm or hand. Medium height. Age about 22. He has a father and mother. No other information about his family. He had been a student prior to the military. He was captured in 1982 during unequal combat, when his assault rifle misfired.

3. **Ibrahim:** Russian, black hair, dark-brown eyes, broad-shouldered, medium height. Tattoos on arms or hands. Has father, mother, brother, sister. Age about 20. Captured in 1982.

4. **Fazl-e Khuda:** red hair, green eyes, straight nose. Height approximately 1.75 m, stocky. Has father, mother, sister, brother, wife, son. Age approximately 25. Was captured together with Abdul Rahman in the Panjshir valley in 1980.

5. **Qasim:** Tajik from Tajikistan. Black hair, brown eyes, straight nose, light skin, dimple on chin, height 150-160 cm. Has father, mother, sister, brother, wife, son. Age 25. Brought to Bada-Bera camp in 1980.

6. **Muhammad Aziz (the Younger):** Russian, red (light) hair, brown eyes, straight nose. Below average height. Had a tattoo of a lion on his right arm. Has father, mother, brother, sister. Age 19. Circumstances of capture unknown. At Bada-Bera camp from 1982.

7. **Quaid:** born in Uzbekistan. Black hair, narrow, dark eyes, light skin. No distinguishing features. Average height. Captured in 1982. Supported the prison escape plan. Went insane from torture and abusive treatment at the beginning of 1985.

8. **Rustam:** from Uzbekistan. Black hair, dark-brown eyes. Rapid manner of speech. Tattoo on arm or hand. Has mother, father, brother, sister, fiancee. Age 19. Was a student prior to induction. According to his own account, he voluntarily surrendered to the rebels, an action he later regretted. Arrived at the camp in 1984.

9. **Muhammad Aziz (the Elder):** Russian, light hair, green eyes, straight nose, elongated face and chin. Age 21-22. Had a tattoo on his arm or hand. Has a father, mother, brother, sister. Was a student prior to induction into the military. Where he was stationed, circumstances of and area where he was captured are unknown.

10. **Islamuddin:** Russian, light hair, gray or light-blue eyes. Above average height, thin. Has a father, mother, sister. Captured in June 1983 in Parwan province, when he and three comrades willfully entered an area containing active rebel combat troops in order to pick fruits

and vegetables. They took mujahidin fire. One was killed and the other two [sic] wounded. Arrived at the camp in the fall of 1984.

11. **Viktor**, also known as **Yunus**: born in the Ukraine. Light hair, blue-gray eyes, straight nose. Tattoo, no other distinguishing marks or features. Has a father, mother, sister. Was stationed in the Charikar area. Was captured by rebels in 1984 and taken to the underground prison at the fort.

12. **Muhammad Islam**: dark, curly hair, light-blue eyes, thick eyebrows, hooked nose. Above average height. Age 23-24. Voluntarily surrendered to an ISA armed element in 1982 in the Pule Khumri area. MOS: truck driver. Has a father, mother; no other information on relatives. No distinguishing marks noted. Known by a second name: Abdullah.

These meager descriptions are capable of generating thought and discussion. We would advise our readers, however, to treat these descriptions with caution. At the present time they are too tentative and require thorough and detailed inquiry and comparison with available information on MIAs in Afghanistan. Take the prisoners' ethnic affiliation, for example. Many of these POWs are identified as Russians. But this by no means signifies that a given individual was of this ethnic affiliation. The fact is that the Afghans called all Soviet soldiers of European appearance Russian.

There are of course also very significant points of description: for example, Abdul Rahman's height of about 2 meters. You have to agree that this is a rather significant physical feature. But here is the problem: the service record file maintained by the authorities on each prisoner of war (I was able to look at some of them) contains a great deal of information: from a handwriting sample to family relationship down to the third generation, but the file lacks such an important item as a physical description, and of course an individual's height is not indicated. In short, a large, laborious job of investigative inquiry lies ahead.

Time inexorably marches on. More than five years now separate us from those tragic events, and we have virtually just begun to touch upon the secret of the Bada-Bera camp. But when will we have the answer? And will we ever know the full story? Will we be able to find where these patriots are buried, and will we be able to return their remains to their native land?

In Place of Epilogue

Today we are learning to state the truth about the war in Afghanistan, no matter how bitter that truth might be. Genuine heroes are becoming known, and pseudo-heroes are being debunked. The documents and eyewitness testimony cited in this article suggest the following conclusion: the details of the revolt by Soviet prisoners at the Bada-Bera camp were correct. The fame of the unbending "shuravi," their staunchness and fortitude

continues to this day to hang like a mountain echo above the searing, uneasy outrider spurs flanking the Khyber.

We correctly note the bitter lot of those parents whose sons perished in the Afghan war. Even more bitter is the fortune of the families of soldiers listed as missing in action at Kandahar, in the caves of the Panjshir, and in secret Pakistani prisons.... Their fathers and mothers are not even able to pay their final respects to the ashes of their sons. What could be more painful?

"If I only knew where, if I only could kiss that bit of soil which my Vova stained with his blood," Anna Georgiyevna Kashirova, the mother of a soldier reported missing in action in the Panjshir on a December morning in 1983, said to me repeatedly, with tears in her eyes, during an interview. Like perhaps knowing that the young life of Private Volodya Kashirov came to an end at the Bada-Bera fort, the ISA's main prison. And how can we not understand Anna Georgiyevna and the dozens and hundreds of other soldier's mothers and widows who do not lose hope of seeing their sons or husbands or at least of finding their grave? They grasp at any, even the thinnest straw, in order to find a trace of their son, who was lost beyond the Hindu Kush.

There should be no cases in which the location of the remains of the killed and the fate of the missing in action are unknown. That is obvious. We must use every means available in our search: at the political and diplomatic levels, with the assistance of person-to-person contacts as well as individuals skilled in tracing missing persons. I realize that this is not an easy matter. And, as they say, every establishment or ministry involved will find objective explanations for these difficulties. But perhaps it is sufficient that we merely point to their responsibility. It would seem to be high time to make a thorough individual investigation of the fate of each person missing in action on the battlefields of that unjust war. Those who perished no longer need charity or compassion—only justice. Their lives should go on in our memory.

I feel that the Afghan experience is instructive in this regard. A government commission to accomplish the release of captured Afghan soldiers was formed in the Republic of Afghanistan in 1988. It is headed by a member of the Politburo of the Fatherland Party (to which the People's Democratic Party of Afghanistan was renamed this year—author's note), Minister of State Security of the Republic of Afghanistan G. F. Yaqubi.

"Our commission, in spite of the continuing war, is conducting large-scale efforts not only to obtain the release and exchange of prisoners from rebel forces; we are also working with matters pertaining to the reinternment of remains," I was recently told in Kabul by the commission's executive secretary, Colonel Zahir. "In the course of 1989 we succeeded in exchanging convicted rebels for 172 officers and men. As of the end of May of this year we have obtained the release of 121 persons, and the remains of hundreds of soldiers who were killed

in action or who died in captivity have been returned to the land of their ancestors and have been reinterred with honors...."

Compare these figures with the number of Soviet POWs freed from rebel captivity in the last year or two. Not even to mention the search for the graves of Soviet MIAs who were captured....

As for the Bada-Bera prisoners who perished, as I see it the USSR Supreme Soviet Committee on Afghan Veteran Affairs should take a hand in this matter. Perhaps a special appeal should be made directly to Pakistani President Benazir Bhutto, who, incidentally, is making a

considerable effort to obtain the release of Soviet POWs, to form a special commission to search for the remains of our fellow countrymen, who died a hero's death....

It is my profound conviction that only through joint efforts can we fully learn the secret of the Bada-Bera camp and learn the details of the heroic battle fought by its recalcitrant prisoners, our fellow countrymen, their true identities and the place where they are buried. It is our sacred obligation properly to honor those who at a time of severe ordeal did not give in to their fate, did not stain their soldier's honor, and who so forcefully and dramatically expressed the lofty qualities of the Soviet soldier.

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